

Austria	Sch22	Indonesia	Rp1000	Portugal	Esc100
Brazilia	Dio \$40	Israel	NIS \$0	S.Africa	R100.00
Belgium	Bfr48	Italy	L.11600	Singapore	S\$4.20
Canada	C\$1.00	Japan	Y600	Spain	Pes125
Cyprus	Cy£0.75	Jordan	Fils \$00	Sri Lanka	Ru\$00
Denmark	Dkr9.40	Kuwait	Fils \$00	Sweden	Sk94.00
Egypt	E£2.25	Lebanon	\$4,100.00	Switzerland	Sfr12.00
Finland	Fmk7.00	Luxembourg	Lfr48	Taiwan	N\$385
France	FFr100	Malaysia	Mal \$00	Turkey	L500
Germany	DM2.00	Mexico	Pes \$00	Tunisia	Dio \$80
Greece	Dr100	Morocco	Dh6.00	Turkey	L500
Hong Kong	Hk\$12	Netherlands	Flr \$0.00	UAE	Dh6.50
India	Rup15	Norway	Nkr \$0.00	USA	\$1.00

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D 8523 A

Airlines: bigger may not be better for Europe, Page 19

World News Business Summary

Goria forms new Italian coalition government

Mr Giovanni Goria late last night succeeded in forming a new Italian coalition government.

The bearded Christian Democrat, who will be 44 tomorrow, ended five months of political crisis by achieving a truce between his own party leader, Mr Ciriaco De Mita, and former Socialist prime minister Mr Bettino Craxi. Page 29

Peru bank freeze
President Alan Garcia has proposed the nationalisation of all banks and credit institutions and said banking operations would be frozen while Congress studied his proposal. He said the nationalisation was being proposed because banks had discriminated against the rural poor in their lending practices. Page 4

Swiss free suspect
Swiss police released a Lebanese man wanted by France in connection with a bomb attack in Paris last September in which seven people were killed. Page 4

Philippines debt
The new Philippines Congress ordered an inquiry into the country's foreign debt. Its first action since it opened following a strong attack on creditor banks by President Corason Aquino. Page 4

Protest continues
Crimean Tatars, disappointed with their meeting with Soviet President Andrei Gromyko, gathered in a Moscow park to discuss the possibility of a hunger strike to draw attention to their claim for an autonomous republic. Page 4

Landslide in Italy
A landslide destroyed two mountain hamlets in an area of northern Italy hit by floods earlier this month. The two villages had been evacuated after floods killed 18 on July 12. One person was reported killed and nine injured. Page 4

Mission to Kabul
A team from the UN Human Rights Centre leaves for Kabul today to conduct the first fact-finding mission on violations to life in the war-torn country. Page 4

South Korea typhoon
South Korea braced for the approach of typhoon Alex as it began to rain on the peninsula. Floods which left 100 people dead or missing. The typhoon hit Taiwan killing at least one, sinking boats and forcing airports to cancel flights. Page 4

Charges for Rust
West German pilot Matthias Rust, who landed a light aircraft in Moscow, will face three separate charges, a Soviet investigator said. Page 2

Demjanjuk defence
John Demjanjuk, on trial in Jerusalem accused of being a brutal guard at a death camp in Poland, ended his first day in the witness box denying that he was 'Ivan the Terrible' who operated gas chambers at Treblinka camp. Page 2

Terrorism talks
Spanish Interior Minister Jose Barrionuevo and Rafael Vera, Secretary of State for Security, arrived in Paris to discuss co-operation on combating terrorism. Page 2

Tight test finish
In an unexpectedly tight finish to the fourth test match at Edgbaston, Pakistan (329 runs and 100/7) and remain one-up in the cricket series with one match to play. Page 2

Big Airbus order for GE and Snecma

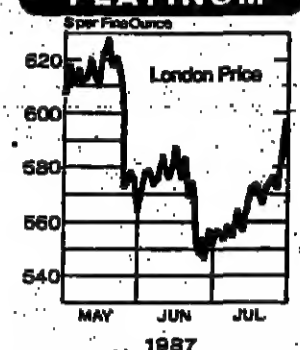
GENERAL ELECTRIC of the US and its French partner Snecma, state-controlled aero-engine group, have won a \$2bn order from Airbus Industrie, European aircraft manufacturing consortium, for 370 engines. Page 29

ERNEST Saunders, former Guinness chairman, has launched a legal counter-offensive in his battle with the brewing company. He is seeking damages from Guinness for wrongful dismissal, and has 'employed' the former finance director, Mr Olivier Roux, as a third party to the company's bid to recover £5.2m (\$8.2m). Page 29

GLAXO, biggest UK drugs company, signalled its determination to move into the emerging market for protein-based pharmaceuticals by buying the Swiss research facilities of Biogen, a US-based biotechnology company. Page 21

USX, largest US steel company which is also a leading oil and gas operator, posted strong improving second quarter profits, and forecasts 'very promising' results for the six months ahead. Page 21

PLATINUM: Upturn in the platinum market has accelerated, taking the London bullion market price to the highest level for more than two months. After rising by \$9.50 on Monday it added another \$14 to close at \$988 a troy ounce. Page 22



WALL STREET: The Dow Jones Industrial average closed at 25,353 at 3.51 PM. Page 44

LONDON: An encouraging corporate review from the Confederation of British Industries stimulated a recovery in equity prices as BAA made its debut at a premium. Glis also strengthened. The FT-SE 100 index closed up 26.0 at 2,356.9 and the FT Ordinary index added 20 to 1,555.0. Details Page 44

TOKYO: Growing expectations further market gains spurred buying of stocks. The Nikkei average rose 200 to 24,355.2. Page 44

GOLD rose \$3.50 on the London bullion market to \$456.50. In Zurich it also rose to \$456.50 (\$452.50). Page 22

DOLLAR closed in New York at DM 85.35 (Y150.25) and FRF 6.1570 (DM 1.8550); to Y150.40 (Y150.35); to FRF 6.1200 (FRF 6.1275). On the bank of England figures the dollar's exchange rate index rose 0.2 to 103.9. Page 33

STERLING rose in London to \$1.5990 (\$1.5985); to DM 2.97 (DM 2.9650); to Y240.50 (Y240.35); but fell to FRF 6.1200 (FRF 6.1275). The pound's exchange rate index rose 0.2 to 103.9. Page 33

BOKING SHARES soared in hectic trading following news that Mr T. Boone Pickens, Texas corporate raider, planned to build up a stake in the company, the world's largest aircraft maker. Page 21

BAA part-paid shares closed at 168, showing a 45p premium in the first day of Stock Exchange trading in the privatised stock of what was formerly British Airports Authority. Page 26; Lex Page 26

SPANISH stock prices hit a further new high on enthusiastic buying prompted by Kuwait-backed investments in the country's industrial companies and banks. Page 44

Reagan says stage set for arms deal with Moscow

BY STEWART FLEMING IN WASHINGTON AND WILLIAM DULLFORCE IN GENEVA

PRESIDENT Ronald Reagan said yesterday that the stage was set for an historic arms control agreement following the tabling of new US proposals for the abolition of intermediate range missiles at the US-Soviet nuclear arms talks in Geneva.

At the same time, the White House announced that Mr George Shultz, the US Secretary of State, would meet Mr Eduard Shevardnadze, his Soviet opposite number, in the US in September. The statement was seen as an indication that momentum was building up towards a summit meeting between President Reagan and Mr Mikhail Gorbachev, the Soviet leader, at the end of this year, an interpretation which the White House encouraged.

President Reagan, speaking at a scientific conference in Washington said the US had formally proposed in Geneva a global ban on intermediate nuclear forces (INF), thus matching the offer made by Mr Gorbachev last week. After a period of several weeks during which the two sides appeared to be deadlocked in the INF talks, Mr



Maynard Giltman, chief US negotiator at the INF talks

Gorbachev paved the way for a breakthrough by agreeing to drop the Soviet demand that the US and the Soviet Union should each be allowed to retain 100 medium-range warheads on their own territory.

Under the proposed INF treaty, intermediate range missiles

BONN CALM OVER WEAPONS TALKS

West Germany's three-party coalition government has greeted with unexpected calm the fact that the country's Pershing 1A missiles may be the last barrier to agreement between the US and the Soviet Union on the dismantling of all intermediate range nuclear forces. But coalition unity may be tested if the US decides the West German-based weapons must be sacrificed to achieve an agreement with Moscow. Some observers believe, however, that the Pershings will be obsolete by the time any planned destruction of Soviet missiles gets under way and thus will cease to be an obstacle to agreement. Page 2

with a range of between 500 and 5,000km would be eliminated world-wide. Although Washington has made a number of important concessions in its latest proposals, US officials insist that a major, as well as a number of more technical problems remain to be solved.

US-Japanese chip pact may be broken by Intel

BY LOUISE KENNE IN SAN FRANCISCO

INTEL, one of the largest US semiconductor manufacturers, has subcontracted a Japanese company to produce memory chips to meet a 'sudden increase' in demand from Japanese customers.

The move appears to counter US efforts to increase semiconductor exports to Japan after the semiconductor pact the two countries signed a year ago.

The deal is particularly ironic since Intel was one of three US companies that initiated a chip-dumping legal action against the Japanese last year.

Intel, National Semiconductor and Advanced Micro Devices jointly charged Japanese Expro (erasable programmable read-only memory) chip manufacturers with selling their products below 'fair market value'.

Under the agreement Mitsubishi Electric will manufacture

the chips. The company declined to comment on the terms of the contract, described as an expedient way of meeting demand for its products in the 'Japan region'. Intel denied a Japanese report that it was forced to turn to Mitsubishi because of production problems at its own US plants.

Last year's legal action was settled as part of the US-Japanese semiconductor trade agreement under which Japan agreed to halt chip-dumping and open its market to foreign suppliers.

Intel said that it did not consider the deal contradicted its earlier view on Japanese Expro sales. It conceded that Japanese trade practices had caused 'a lot of damage to the US semiconductor industry, prompting lay-offs and plant closures,' but saw the Mitsubishi deal as 'a way to quickly increase production capability'.

US semiconductor industry analysts saw Intel's move as a means of maximising profits. The company, they suggest, may be using its own US production lines to make microprocessors and other more profitable products, rather than increasing Expro production. Despite price increases following the semiconductor agreement, Expros still carry low profit margins, they add.

Intel could not afford to turn down the Japanese Expro order, analysts suggest. If the company had done so, they add, it could be interpreted as a lack of interest in the Japanese market and might also be used to demonstrate that US companies were not taking full advantage of opportunities created by the trade accord.

NORTH KOREA will be placed in formal default on its foreign debt to lenders in the West if the communist government fails to return to debt rescheduling talks. Western banks have decided.

Negotiations with institutions representing 140 creditor banks over a debt rescheduling agreement have collapsed in the last two weeks after the North Koreans pulled out without giving an explanation.

The amount involved is about \$1.4bn (\$747.3m), including accrued interest, lent to finance infrastructure in the mid-1970s by two bank syndicates. One was led by Morgan Grenfell of the UK and one by a subsidiary of the Australia and New Zealand Banking Group.

Banks from most Western countries are involved, except the US which are legally forbidden.

North Korea has paid neither interest nor principal on the loans since March 1984. Before that, payments of interest were desultory and the country has never repaid any principal.

Korea faces debt default

By Stephen Fidler, Euromarkets Correspondent in London

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Fears of Gulf war escalation as US prepares ship escort

BY OUR FOREIGN STAFF

PROSPECT of a fresh escalation in the Iran-Iraq war moved closer yesterday, after Iraq hinted that it would resume attacks on Gulf shipping and Iranian vessels if it could retaliate by striking at Kuwait.

The warnings came as the US prepared to restart its military escort operations for Kuwaiti-owned tankers flying the US flag.

They also coincided with a potentially dangerous clash between Iraq and Syria over a Syrian jet shot down in Iraqi airspace.

Mr Ali Akbar Velayati, the Iranian Foreign Minister, said that if Kuwait continued to give Iraq political, financial and logistical support it was probable that Iran would retaliate 'even by attacks on certain areas in Kuwait'.

It was Iran's most explicit warning to date that it would single out the Gulf state for attack, and appeared to accompany a renewed hardening of the Iranian line.

Mr Velayati, in Geneva for a meeting of the UN conference on disarmament, also restated Iran's earlier position that it would not accept a United Nations ceasefire call 'as long as the aggressor regime is in power in Baghdad'.

He would not say, however, when Iraq would resume attacks.

Fears that the conflict might cause a confrontation between Tehran and Washington have been raised since the US Navy began escorting reflagged Kuwaiti tankers through the Gulf last week, an operation repeatedly criticised by Iran and condemned yesterday by Ayatollah Ruhollah Khomeini. The first escort operation came to an halt on Friday when the supertanker Bridgeton hit a mine, believed to have been planted by Iran.

Yesterday Kuwaiti oil officials said the US Coastguard had given its approval in principle for the supertanker Bridgeton to start loading oil for the return voyage.

Permission had been withheld pending an examination of the extensive damage suffered. Its storage tanks are understood to be unusable, restricting its load to two thirds of capacity.

Only two Kuwaiti tankers out of a possible total of 11 have been registered in the US: the Bridgeton and the smaller gas carrier, Gas Prince. This may

reflect caution within the Kuwait Oil Tanker Company as to whether Kuwait should proceed with its full original plans.

The first between Syria and Iraq, which are on opposite sides in the Gulf conflict, occurred after Iraq reported that its anti-aircraft guns had shot down a Syrian MiG-21 fighter and captured its pilot.

The aircraft crashed near the town of al-Qa'im about 200 miles north-west of Baghdad. Damascus, which said the pilot was on a training mission and had lost his way, described the Iraqi action as unjustified and demanded an explanation.

Baghdad, in what appeared to be an effort to defuse the incident, told the Arab League in Tunis that it was ready to hand over the pilot.

Although Iraq and Syria have frequently accused each other of violating their airspace, this was the first between them since fears of a renewed worsening of relations between Damascus and Baghdad, following intensive mediation efforts by King Hussein of Jordan.

On his first public statement on the war for some time, Ayatollah Ruhollah Khomeini, the Iranian leader, said US military intervention in the Gulf was 'a big trap and a dangerous game'.

He warned the US against resuming its naval escort operation for reflagged Kuwaiti tankers and reaffirmed that Iran would not abandon the war until President Saddam Hussein of Iraq had been toppled.



A Buddhist monk shields his face from teargas after a demonstration in Colombo against the visit by Indian prime minister Rajiv Gandhi

India to set up peace force in Sri Lanka

BY K.K. SHARMA IN NEW DELHI, JOHN ELLIOTT AND MERVYN DE SILVA IN COLOMBO

A PEACE-KEEPING force will be established in Sri Lanka to ensure that a ceasefire, due to take effect within 24 hours of today's signing of a peace accord in Colombo, is observed by all parties including Tamil guerrillas, Mr Rajiv Gandhi, India's Prime Minister, said last night.

Mr Gandhi's increasingly tough line, which means India will have a military presence in Sri Lanka, came as Colombo was yesterday brought to a halt by rioters protesting against peace proposals thrashed out between Mr Gandhi and Sri Lanka's President Junius Jayawardene. At least 18 people were killed and more than 100 injured.

At the same time leaders of the main Tamil separatist group, the Tamil Tigers, said they would have nothing to do with the accord which would 'enslave' them. They would continue the fight for a separate Tamil state in Sri Lanka.

Mr Gandhi refused to be deflected by these setbacks and was due to arrive in Colombo, as planned, this morning to sign two accords with the Sri Lankan President and moderate Tamil leaders who have accepted the plan to establish a semi-autonomous homeland in the eastern and northern provinces for the minority Tamils.

But yesterday, young activists from the island's majority Sinhalese race rampaged through the centre of the Sri Lankan capital, destroying a large old government office, attacking a government-owned newspaper building, stoning and burning more than 50 buses and cars, and attacking shops.

These were the island's worst riots for four years, but immediate security moves including an overnight curfew suggest they might be kept in check by the government which is determined not to allow widespread rioting to kill today's agreement.

Yesterday's violence started with a protest march by Buddhist monks and political activists and quickly escalated.

'We don't want our country split for the Tamils,' said one young demonstrator as he hurled a stone at riot police.

Police and security guards fired tear-gas shells and live bullets at the crowds who swarmed through the city. Confusion increased when large sections of the city's telephone system were temporarily closed down to stop rumours of the riots spreading.

Traffic chaos was compounded by roads being closed for a dress rehearsal of the welcoming ceremonies for Mr Gandhi who was scheduled to arrive with a big delegation including his wife, two cabinet ministers and three junior ministers.

They will fly into a relatively deserted city centre because government offices are remaining closed to help keep people off the streets. Amid tight security with riot squads and army reinforcements standing by, he will negotiate final details of the peace deal with President Jayawardene before signing the pact.

Mr Gandhi's surprise announcement of an immediate ceasefire and a peacekeeping force supervised by Indian observers will raise Sinhalese objections to an Indian military presence on the island.

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July 1987

EUROPEAN NEWS

The Bonn coalition parties are at present in agreement on a missiles policy—sit tight and do nothing. Peter Bruce reports

West German Pershings problem may succumb to old age

WEST GERMANY'S normally fractious coalition Government has greeted with an almost eerie calm the fact that the country's 72 Pershing IAs missiles may be the last barrier to the US and Soviet Union agreeing to the global destruction of their intermediate range nuclear forces (INF).

Three months ago, as Bonn came under tremendous pressure to agree to the "double zero option" (the elimination of both long and shorter range INF weapons) the three coalition parties fought openly. The Free Democrats, Mr. Franz Dietrich Genscher, the Foreign Minister, was accused of near treachery by right-wingers for enlisting American help to win West German approval for the proposals.

Mr. Genscher won that battle but it was no surprise that, in agreeing, Chancellor Kohl warned that the Pershing IAs and their US-controlled nuclear warheads, were not negotiable. Neither was it any surprise that when the Soviet Union finally agreed last week to US proposals to scrap all INF weapons, including those in Asia, they insisted the West German Pershings go as well.

The absence of hand-wringing and mud-slinging in Bonn in the wake of that demand may have a seasonal explanation—the Chancellor and many senior politicians are away on holiday. But Western diplomats here also believe that for the moment the coalition is in agreement about how to react.

This involves doing nothing and allowing the American INF negotiators in Geneva to make all the running. Mr. Genscher said the other day that the West German Pershings were an Allied problem and to the relief of Mr. Kohl and his conservative colleagues Washington is refusing to discuss the Pershing IAs. The Geneva talks have moved on to verification and other issues.

But they will inevitably return to the Pershing IAs with Moscow demanding the warheads be removed. Coalition unity may once again be tested, especially if the Americans decide the political price—an INF deal—of West German intransigence is too high.

For the moment though there seems to be real hope in Bonn. For three reasons, that the Pershing IAs will not spoil the INF deal.

In spite of the tough words from the Chancellor, West German Defence Ministry officials have hinted that the Pershing IAs are, in fact, negotiable.

It can be credibly argued that the Pershing IAs warheads cannot form part of an INF agreement.

WEST GERMANY'S Defence Minister, Mr. Manfred Wörner (right), yesterday dismissed calls by two former French ministers for the deployment of French tactical neutron weapons in West Germany to strengthen both countries' defence against the Soviet bloc, Renter reports from Bonn.

He said the opinions expressed by Mr. Charles Hernu and Mr. Pierre Messmer were personal views and did not reflect French government policy. Mr. Wörner, a former Socialist Defence Minister, told the West Berlin daily newspaper Tagesspiegel in an interview that Franco-German security would be best served by deploying France's land-based tactical missiles on West German soil.



Manfred Wörner, West German Defence Minister, yesterday dismissed calls by two former French ministers for the deployment of French tactical neutron weapons in West Germany to strengthen both countries' defence against the Soviet bloc, Renter reports from Bonn.

that to alter that now could endanger the entire process. The Americans are also anxious to protect bilateral deployment agreements with other Nato allies.

Although the range of the Pershing IAs is around 720 km, which would make them roughly equivalent to the shorter range INF missiles, they cannot threaten Soviet territory. Soviet Scud missiles, however, with a range of around 300 km and based in East Germany and Czechoslovakia threaten West Germany and will not be removed under an INF deal.

Officials in Bonn believe the Soviet Union, if pushed, may also not want to lose an INF agreement over weapons they are not directly threatened by.

"It is highly possible that, at the end of the day, the Russians will not make that (the Pershing IAs) a sticking point," said one ranking European envoy yesterday.

Although the West German press was quick to write off the Pershing IAs after the Soviet offer, last week, more considered speculation in Bonn

holds that the missiles will simply be allowed to "wither on the vine," as one diplomat put it.

The Pershing IAs are nearly 25 years old and, it is said, will become obsolete in the early 1990s. In return for a promise not to modernise them, some officials here feel Moscow might be content to drop its demand that they form part of an INF deal. Indeed, if an INF agreement were signed tomorrow, the Soviet Union would probably not have completed destruction of its SS20s by the time the Pershing IAs need major modernisation. If that modernisation were carried out, the Soviet Union would, theoretically, still be able to respond.

An immediate problem for Bonn and Washington, though, is that it is important that German decisions are required as the negotiations in Geneva approach a conclusion, they may be difficult to get. The Chancellor will be on holiday in Austria for another few weeks and it might be very difficult to assemble a Cabinet, let alone party machines, until September.

Greece 'will continue efforts to cut deficit'

By Andriana Ierodiconou

CRITICS of the Greek Socialist Government's two-year-old economic stabilisation programme were warned yesterday by Mr. Costas Simitis, the Economy Minister, that efforts to curb inflation and reduce domestic and external deficits must continue in 1988.

Mr. Simitis said, in an interview, that otherwise there was a risk of a sharp reversal of Greece's economic situation and its creditworthiness abroad.

Greece's foreign debt at the end of 1986, according to the central bank, stood at \$17.12bn.

Mr. Simitis said: "There are some who don't seem to realise the gravity of the economic problems we face. This domestic debate is not about the climate abroad, where if we appear inconsistent we could face problems." The minister made his comments on the day following the publication of the annual report on the Greek economy by the Organisation for Economic Co-operation and Development which praises the results so far of the economic stabilisation programme but urges that it continue.

Criticism

The sharpest criticism of the Government for its economic policy comes from inside the Socialist party and from trade unions.

Despite an expected overshooting of the current account deficit target for 1987, Mr. Simitis ruled against a further recourse, by means of the Treaty of Rome, to the European Community which provided Greece with an ECU 1.75bn (£1.25bn) balance of payments support loan in 1986.

The deficit is expected to reach \$1.5bn this year, largely reflecting an unabated rise in non-oil imports, down from \$1.7bn in 1986 but substantially in excess of the 1987 target of \$1.25bn.

According to Mr. Simitis, the toughest problem confronting the authorities is public sector borrowing. Due to an overshooting of targets, "at best" the net public sector borrowing requirements will be reduced from approximately 14 per cent of gross domestic product in 1986 to 12 per cent of GDP this year, against a target of 10 per cent of GDP.

Steps to reduce borrowing needs in 1988, according to the minister, will include cuts in public investment and subsidies as well as a renewed drive to boost tax revenue. This will include efforts to draw into the tax net groups such as farmers, who provide only 0.2 per cent of income tax revenue although they form 27 per cent of the working population.

Austerity

The minister confirmed that the Government's economic recession in 1988 will be a relaxation of wage policies which, however, will be balanced by a tight monetary and credit policy and an austerity budget. Greek workers, who have suffered approximately an 11 per cent reduction in real income over 1986 and 1987, can expect pay increases somewhat higher than inflation next year, with a possible link between pay and productivity in the private sector.

The extent of the pay relaxation will be limited by the need to contribute to reduce inflation. This year the December rate of inflation is estimated to reach 14.5 per cent, against a target of 10 per cent. Last year inflation reached 17 per cent. The overshooting of this year's target is partly due to the introduction of Value Added Tax in Greece last January.

Swiss exports down

FOREIGN orders for Swiss industry last year remained stagnant at 1985 levels while figures for the first quarter of this year show a 4 per cent fall on the same period of 1986, writes John White in Zurich.

A further decline is expected in the second quarter with no marked change expected in the next few months, according to a survey by the Union Bank of Switzerland.

STATE HELP WITH NEW FACTORY SITE SCALED DOWN

Brussels set to drop Daimler inquiry

By William Dawkins in Brussels

THE European Commission is today expected to call off a controversial investigation into state aid for DM 1.8bn (£610m) car plant to be built by Daimler-Benz, the West German motor manufacturer.

A full meeting of the Commission is to be asked to end the inquiry in the light of an offer by the Baden-Wuerttemberg state government to alter the terms under which Daimler-Benz is to get the site at Rastatt.

This will end what has been an embarrassing episode for the West German Government,

ironically known as a tough campaigner for ending national industrial subsidies. The Commission opened proceedings against Bonn last autumn under EC competition rules outlawing national aid likely to give its recipients an unfair advantage over Community competitors.

It suspected that the Rastatt and Baden-Wuerttemberg authorities were planning to sell the site to the car group for between DM 170m (£57m) and DM 200m (£67m) below market value. It also questioned whether the state government's proposal to spend DM 100m on

preparing the site—an area of open farmland partly owned by the Rastatt town authorities and unsuitable for industrial use in its present form—for Daimler-Benz.

EC competition authorities are reported to have been satisfied by fresh proposals from Baden-Wuerttemberg, sent via Bonn to the Commission earlier this month.

which should be released today, is understood to allow the state authorities to pay 80 per cent of the cost of preparing infrastructure for the site—such as gas and water supplies—leaving it up to Daimler-Benz to pay

for the foundations and the rest of the construction. The Commission is also thought likely to agree to a price slightly below what would normally be paid for land which had been prepared for industrial use. Theoretically, the Commission can block illicit national assistance or force companies to repay aid—a power which it has used several times in the past year. Because of the investigation, the car group cannot start building the plant until it receives the green light from Brussels. Construction is due to start next summer and lead to the creation of 7,000 jobs.

expected to mop up 85 per cent of the new allocation. The increases for the other products came mainly in response to better demand inside the EC, mainly from the UK where output is surging ahead of its Community partners.

EC steel production fell by 2.1 per cent to 63.6m tonnes last year, down from 65.1m tonnes in the same period last year, according to the latest figures from the International Iron and Steel Institute. Within that, UK output rose by 17.5 per cent to 8.7m tonnes. However, overall EC steel production rose slightly in June, up by 3.5 per cent on the same month in 1986 to 10.9m tonnes.

Brussels raises limits on steel production

By William Dawkins

A GLIMMER of light for the depressed European Community steel industry appeared yesterday when the European Commission in Brussels enlarged its output controls for some products.

The decision alters the output limits set earlier for the third quarter of the current year. It marks a small but possibly cheering change after three successive quarters in which the Brussels authorities have cut quotas in response to a steady contraction in demand.

EC output controls were set up in 1980 to help steelmakers restructure in the recession. Quotas for hot rolled coil, the product in which EC overcapacity is heaviest, have been

EC STEEL OUTPUT QUOTAS (third quarter 1987)		
	Original figs (in tonnes)	Adjusted figs (in tonnes)
Hot rolled coil	2.23	2.24
Cold rolled sheet	2.29	2.34
Quarto plate	1.14	same
Heavy sections	1.02	same
Wire rod	2.17	same
Reinforcing bars	1.90	same
Total	12.45	13.05

Source: European Commission

lifted from the earlier third quarter figure of 3.23m tonnes to 3.74 tonnes. Smaller increases have been made for cold rolled sheet and merchant bar, lifting the overall quota from 12.45m tonnes to 13.05m

tonnes—still well below the 15.3m tonnes set for last year's third quarter. Commission officials said the increase in hot rolled coil bars, lifting the overall quota from 12.45m tonnes to 13.05m

Turkish bank chief appointed

By David Barchard in Ankara

A NEW governor has been appointed for Turkey's central bank after a power struggle lasting nearly 10 months. He is the bank's 38-year-old Dr Rustu Saracoglu, a present deputy governor and a US-trained economist who worked with the IMF before returning as a special adviser to the prime minister nearly three years ago.

Dr Saracoglu has been appointed over the head of the man who has been acting governor for the past 10 months, Mr Zekeriya Yildirim. There were reports yesterday that Mr Yildirim had resigned.

The post fell vacant last September when Mr Yavuz Canevi was somewhat reluctantly translated to the Undersecretariat of the Treasury and Foreign Trade. The original attempt by the Prime Minister, Mr Turgut Ozal, to appoint Dr Saracoglu failed after strong protests from the civil service, led by the Deputy Prime Minister, Mr Kaya Erdem.

The choice between the two candidates was not an easy one as both are agreed to be outstanding in their different ways.

Dr Saracoglu is largely responsible for the setting up of new banking and money market institutions in Turkey in recent years. Mr Yildirim is very much a banker's banker and is much better known in European banking circles. His main role in recent years has been to negotiate the borrowing needed to cover Turkey's chronic current account deficit.

The decision to pass him over, while still only in his mid-40s, will undoubtedly cause some sadness. Dr Saracoglu, who will be the youngest-ever governor of the Turkish central bank, now faces the task of projecting himself in the international money markets.

The powers of the central bank and its governor were pruned several weeks ago by a government decree bringing it more strictly under ministerial control.

W Berlin protest over visit by Honecker

By Leslie Collett in Berlin

A WEST Berlin politician on the right wing of the ruling Christian Democrat Party (CDU) urged the Bonn Government not to receive East Germany's leader, Mr Erich Honecker, with "full honours" when he visits West Germany in September.

Mr Heinrich Lummer, a West Berlin deputy in the Bundestag, suggested yesterday that such a reception would be inappropriate for a man who was responsible for the shooting incident at the Berlin Wall.

The remark was the most critical yet of the forthcoming visit from within Chancellor Helmut Kohl's CDU. The Bonn Government has warned against undermining the visit by raising unacceptable demands. Mr Honecker is to be received with the normal protocol reserved for visiting heads of state on his first official visit to West Germany on September 7-12.

A previous plan by Mr Honecker to visit Bonn in 1984

was also accompanied by sharp criticism from the right wing of the CDU. Ultimately, East Germany said the criticism forced Mr Honecker to cancel the visit, although Moscow's objections to his going were the main reason.

West Berlin officials said there was a danger the East German leader's visit might also be "torpedoed" if there were a particularly serious shooting incident at the Wall. They speculated that East German may have ordered its border guards to avoid shooting at escapees until Mr Honecker's visit is over.

Next weekend will also provide a test for East Germany as a West Berlin rock music festival is again to be held near the Wall at the Brandenburg Gate. East German rock fans clashed several times with the police last month on the Unter den Linden boulevard when they were prevented from getting close enough to the border to hear the music.

Rust to face trial on three counts

MATHEIAS RUST, the West German pilot who flew a light plane without authorisation from Helsinki to Moscow in May, will be tried on three charges, a Soviet investigator said yesterday, Renter reports from Moscow.

The investigator said the charges were: illegal entry into the country, violation of flight rules and malicious hotheadism. The legal and consular counsellor at the West German embassy, Mr Gerhard Schreimbs, was told of the charges yesterday. Mr Rust, 39, faces a sentence of up to 10 years in prison. Illegal entry could result in a sentence of three years and malicious hotheadism five years under the Soviet criminal code.

There had been speculation that the young Hamburg flying buff might be freed soon after a trial, but diplomats said that that now appeared unlikely.

Kunayev loses post

THE former Kazakhstan leader, Mr Baktay Kunayev, who was dismissed for corruption, lost his last Soviet Communist Party post when he was removed from the Asian republic's central committee and sent reports from Moscow.

The secretary to the new Kazakhstan leader, Mr Gennady Kolbin, said the central committee had dismissed Mr Kunayev but he remained an ordinary member of the Communist Party.

Dublin court bars sale of British newspaper

By Our Dublin Correspondent

THE British newspaper, the Independent, has been ordered by the High Court in Dublin to cease sale and distribution in the Irish Republic from next Monday because of a clash of titles with the Irish Independent.

The court granted an injunction to the Irish newspaper, barring its rival, after the Irish Independent claimed that it was a duplicate of the Irish Independent.

By trading under the same name the British paper would be misleadingly advertised as the Irish Independent, the court found. The Irish Independent, at 50 Irish pence, costs 10 Irish pence more. There were no Irish pence in the Republic where the British paper was concerned only to be available.

Most British newspapers circulate in Ireland. The popular tabloid papers have big daily sales but the British broadsheets such as The Times and The Guardian offer little competition to the Irish broadsheets, the Irish Independent, Irish Times and the Irish Press.

The British paper, launched last October, went on sale in the Irish Republic on June 29. Since then, the court heard, it had distributed about 1,400 copies a day in Dublin but had sold about 700.

The paper said its different style and content meant there was no likelihood of confusion. The Irish Independent, at 50 Irish pence, costs 10 Irish pence more. There were no Irish pence in the Republic where the British paper was concerned only to be available.

Most British newspapers circulate in Ireland. The popular tabloid papers have big daily sales but the British broadsheets such as The Times and The Guardian offer little competition to the Irish broadsheets, the Irish Independent, Irish Times and the Irish Press.

Europe's other capital fears a move up the road

By Tim Dickson in Brussels

community rivals is hotting up. At the end of last month, for example, Luxembourg came under strong diplomatic pressure to allow two emergency Council meetings to be held in Brussels "for convenience sake," as one European Commission official put it. In the event Luxembourg insisted on its right under the 1965 Inter-Government Agreement to stage the Transport Council but relented in the case of the meeting of Farm Ministers.

Discussions, meanwhile, have been taking place inside the European Commission over where to hold the new European Community Trade Mark Office. Luxembourg believes that under the same 1965 Agreement it has an unambiguous right to all "new quasi-judicial" institutions but

amid the powerful lobbying from other member states its claim so far appears to have been ignored.

The Commission has not yet made a formal recommendation to the Council of Ministers, but when the time comes Madrid or The Hague seem much more likely to come top of the list.

Just as worrying for Luxembourg is continuing speculation surrounding the European Parliament. At the moment the Parliament's secretariat is located in the Grand Duchy with plenary sessions in Strasbourg and committee meetings in Brussels. But just as many EC MPs and Community officials would like to see Brussels stage the regular plenary sessions of the assembly so others would like the secretariat to "move back up the road" to

the Belgian capital. The feeling of insecurity is only made worse by the fact that new Community policies—reform of the Common Agricultural Policy (CAP) and proposals to harmonise Value Added Tax and excise duties, for example—will hit the Grand Duchy.

The situation is not helped by the fact that Luxembourg's Commissioner, Mr Nicolas Mincar, has made little mark and is treated with widespread disdain in the Community.

But to a considerable extent what is happening is the inevitable result of an enlarged Community, and the somewhat reduced dominance of the Franco-German alliance. "Inside a Community of six, we could make our voice heard more easily, often as a com-

promising influence between Paris and Bonn," one Luxembourgish member of the Commission explained. "With a Community of 12 it is obviously much more difficult."

The Grand Duchy's much trumpeted flexibility in Council discussions, moreover, is said to be not always what it seems. "There are a few issues on which they really dig themselves in and others where we get the impression they don't really care," said one senior Community diplomat recently.

"As a result," he adds, "there are many who are questioning the inefficiency of having Council meetings in two places. But under the 1965 Agreement they can hold a pistol to the head of other member states and drag 200 people, lemming-like, down the road to Luxembourg."

European Diary



Luxembourg

been a struggle for the Luxemburgers—but recent developments suggest that the ever present challenge from Com-

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Manila orders inquiry into foreign debt

BY OUR FOREIGN STAFF

THE NEW Philippines congress yesterday ordered an inquiry into the country's foreign debt. Its first action since it convened, following a strong attack on creditor banks by President Corason Aquino.

A resolution passed by the Lower House said an inquiry should be held into the state of the country's debt and its utilisation to determine whether selective repudiation is necessary.

The Senate passed a separate resolution ordering a review of the entire debt restructuring agreement signed by the Philippines.

President Aquino used his first state of the nation address on Monday to attack creditor banks, which he said had "hoodwinked" the country into signing an agreement rescheduling some \$13.2bn of the country's external debt.

An agreement on the debt was completed in March, but the Government threatened to reopen talks on the issue when it became clear that Argentina had obtained a lower interest rate on its debt rescheduling pact. Unlike Argentina, the Philippines is making token repayments of principal and is not seeking new money from the banks.

Manila later backed down on its threat and its 12 leading bank creditors were set to lead the country's 400 bank creditors into signing the agreement on July 17.

What seems to have prompted Mrs Aquino's outburst, however, was the attitude of Barclays Bank, which led two bank syndicates owed a total of \$64m by Planter Products.

Barclays has not yet signed the agreement, although yesterday a spokesman said the bank had given notice of its intention to sign, once money is freed by the Government, as promised, for Planter Products creditors.

The dispute with the 10 or so bank lenders, led by Barclays, has been hanging over since 1984, when Planter Products defaulted on its debt. Many financial difficulties were caused by a government policy of distributing subsidised fertiliser to peasants, and the banks say the government of former President Ferdinand Marcos had promised they would cover the Planter debts.

This, however, was apparently never done. Barclays took up the issue, taking the bulk of the opposition as leader of Planter's lending banks, but with the support of other banks on the country's creditor committee, such as Citibank and Manufacturers Hanover.

According to a Reuters report from Manila yesterday, Finance Secretary Mr Jaime Ongpin said President Aquino has signed an executive order releasing about \$30m to the banks.

Barclays said yesterday that it had learned of the executive order on July 18, only one day before the signing of the agreement was due to start.

It viewed the order as a "positive step" and said it "has indicated that it will sign the current rescheduling agreement as soon as the Planter Products arrangements are completed."

Gencor mine riot kills five and injures 12

By Anthony Robinson in Johannesburg

WORK RESUMED yesterday at the Klesing gold mine in the eastern Transvaal, owned by Gencor, the mining conglomerate, after two days of violent clashes in which five black miners died and 12 were injured.

Management and union representatives were still seeking the cause of the fighting in which over 500 miners armed with knives and sticks took part. The fighting appeared to be similar to the faction fighting in which more than 120 miners lost their lives last year.

The industry is tense following the breakdown of negotiations over this year's annual pay award. The National Union of Mine-workers rejected the Chamber of Mines offer ranging from 17 per cent to 23 per cent. Earlier this month the union voted in favour of strike action to back the NUM's claim for 30 per cent.

Meanwhile over 4,000 mine and smelter workers went on strike at the Tsamot, Komat and Othlase mines in Namibia yesterday.

Labour problems in South Africa's gold mines contributed to a further decline in gold production over the first six months. Latest figures from the Chamber of Mines show a decline to 3,50m ounces compared with 3,72m in the first six months of 1986.

South Africa's trade surplus rose to R1,02bn in June after falling to R942.4m in May, but was down from a surplus of R1,59bn in June last year, Reuters reports from Pretoria.

Tony Walker analyses the slow recovery from the economic disasters of the early 1980s

Kuwait keeps a wary eye on the past

AMID DEEP anxiety about the Gulf war and political troubles at home, Kuwait is taking tentative steps to stimulate its economy, only now emerging from a deep recession following a 1982 stock market crash.

periodic bouts of capital flight that great moments of crisis linked with the Iran-Iraq war. The central bank has sought to restrain capital outflow by adjusting the value of the Kuwaiti dinar against the dollar.

Government efforts to restore confidence to the economy after the Souk-al-Manakh stock market crash, which left local banks with debts of \$15bn, much of it unsecured, appear to be making progress.

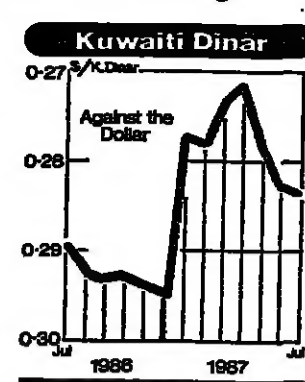
The stock market has recovered somewhat in the past year. The average price of shares rose 41 per cent in 1986 following a 55 per cent drop the year before. According to an index published by Al-Shall Economic Consultants, shares appreciated a further 30 per cent in the first three months of this year.

"Everything here depends on the health of the stock market," said Dr Moosa. "If it's in good shape so is the economy."

He attributed the recovery in the value of stocks to decisions taken earlier this year to lower interest rates, the splitting of shares into smaller parcels to encourage broader ownership and permission granted to companies to acquire 10 per cent of their own shares.

Government purchases of stock are also contributing to the recovery. It reportedly now owns more than 50 per cent of shares in Kuwait's 44 publicly listed companies.

A settlement programme announced in August 1986 to



deal with the mountain of debt left over from the Souk-al-Manakh crash has contributed to a revival of confidence in the banking sector. Debtors are still engaged in the reporting of assets, but according to central bank officials this process is making good progress.

Under the scheme, debtors with a positive net worth are required to meet their obligations or risk foreclosure. If, however, the debtor has a negative net worth, the banks are to divide liabilities into two parts, covered by a low interest loan equal to the amount of assets and an interest-free promissory note for the rest.

At the end of 10 years the loans would be paid up and the notes written off, the banks having made necessary provisions. Meanwhile, the central bank would have compensated the individual banks for the re-

duced income resulting from participation in the programme, thus assuring a profit to the banks and a dividend to the shareholders.

This ingenious scheme has generally been welcomed in Kuwaiti business circles as a reasonable solution to a tangled web of indebtedness that had contributed to a virtual paralysis in the local economy.

A problem for the banks and for the government itself is that a number of big creditors, some of whom are close to the ruling family, are under-declaring assets abroad and are therefore benefiting disproportionately from the central bank sponsored "bailout" programme.

This is causing resentment in banking circles and among some Kuwaiti professionals who were appalled at the excesses revealed in the Souk-al-Manakh crisis.

"Why should I reschedule on zero interest when these guys have huge undeclared assets abroad, including private jets, private fleets of Mercedes and investment companies," said one foreign banker. "They borrowed millions on the basis of high net worth, and now they come to us because they want to have a free ride."

Kuwait's 1987-88 budget projects a 4.3 per cent increase in oil revenues to KD1,76bn, with a budget deficit of KD1,38bn—though the recent strengthening of the oil market suggests revenues may turn out somewhat higher, and the deficit

lower. In order to help finance the deficit, the Government is also planning to issue debt to local investors. This would be the first time any Gulf state had tapped the market in this way.

Local economists are critical of continued deficit budgeting. Mr Jassim Saadoun of the Al-Shall Economic Consultants, believes that even if oil prices rebounded to about \$30 a barrel Kuwait will still need to engage in some belt tightening by the 1990s if it is not to eat further into foreign exchange reserves.

Kuwait's reserves, totalling about \$90bn, are held in two funds:

● The State General Reserve stands at about \$35bn. It can be drawn on for budget expenditures;

● the Fund for Future Generations, which cannot be touched until 2001, stands at \$55bn. There is a mandatory transfer of 10 per cent of budget revenues into it.

Because of the government's handling of the Souk-al-Manakh crash and its aftermath, including its pump priming measures to revive the stock and real estate markets, the State General Reserve has been drawn on at a rate of between \$2.5bn and \$5bn a year since 1984.

"This level of spending cannot go on forever," said Mr Saadoun. "We'll have to cut the budget, but the problem is that Kuwaitis have got used to a standard of living and are unprepared to make sacrifices."

Tight budget for Zimbabwe

BY TONY HAWKINS IN HARARE

ZIMBABWE'S Finance Minister, Dr Bernard Chidzero, is expected to present an austerity budget to parliament today combining tight controls on public spending with some tax increases.

Economists in Harare believe that with the economy slipping deeper into recession, the Finance Minister has little room for manoeuvre, though officials said earlier this month the budget deficit would turn out to be lower than forecast a year ago.

In the 1986 budget Dr Chidzero forecast a deficit of Z\$1,050m (\$388m). This was subsequently raised to Z\$1,2bn by supplementary appropriations. However, the "actual

deficit is now expected to be closer to Z\$950m or about 11 per cent of gross domestic product, reflecting savings on expenditure and higher revenues than forecast.

For 1987-88, government spending is forecast to increase at least 10 per cent which would necessitate some tax increases, if the deficit is to be kept close to the Z\$1bn predicted by government officials.

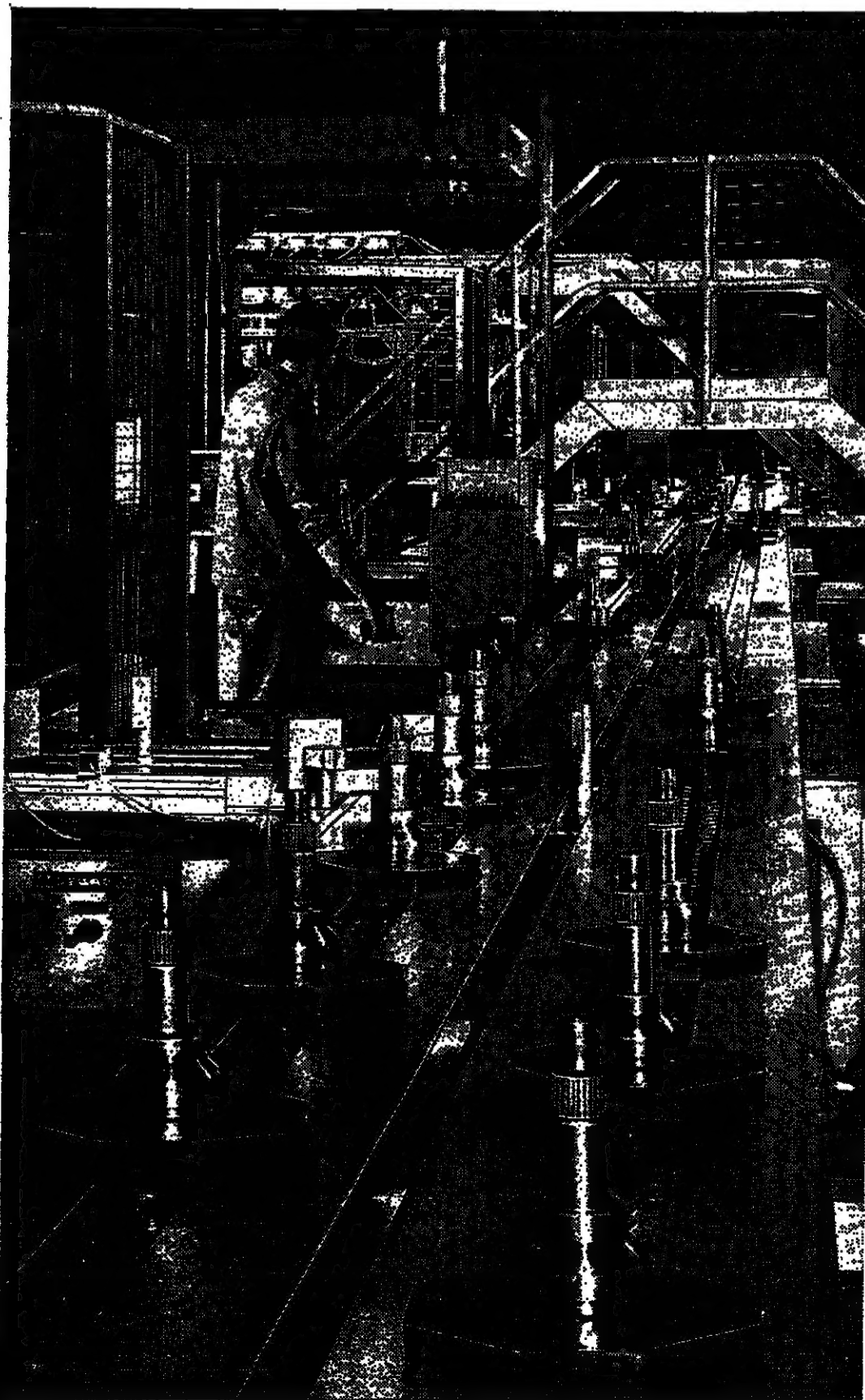
There is speculation that the minister will re-impose the drought tax surcharge, on both personal and corporate incomes to cover an estimated Z\$85m allocation for drought relief. Some increase in indirect taxes—on alcohol, cigarettes and possibly fuel—is also expected, if only to keep pace with inflation.

With revenue growth forecast to be sluggish in a year in which real GDP is forecast to increase by at least 3.5 per cent and at a time of a price and wages freeze, Dr Chidzero may be forced to carry forward state-owned company losses for another year, and then bring them to account in the current fiscal year. This would enable him to put a "cap" on the budget deficit while avoiding big tax increases and severe spending cuts.

The minister is likely to comment in his budget speech on the government's attitude towards tax reform following the report by the Commission of Inquiry into Taxation which is due to be published soon.

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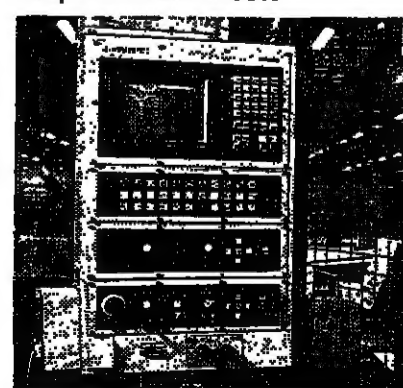
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Iraq overtakes Iran as oil producer

IRAQ has overtaken Iran, its enemy in the Gulf war, to become potentially the second largest producer in the Organisation of Petroleum Exporting Countries by commissioning an oil export pipeline through Turkey, according to oil sources, Reuters reports from Bahrain.

On Monday, the first flow of crude through the 500,000 barrel per day line arrived at Turkey's Mediterranean coast and Mr Issam al-Chalabi, the Iraqi Oil Minister, said, Baghdad was nearing its pre-war export capacity.

Gulf oil traders said they believed exports from the Yumurtalik terminal in Iskenderun bay would start to operate soon.

The pipeline, which is Iraq's third export pipeline, constitutes an important part of Baghdad's drive to rebuild its oil strength. This was curtailed when Iran shut off Iraq's exports through the Gulf at the beginning of the seven-year-old war.

The war cut Iraqi production to less than 900,000 b/d in 1981, the first full year of the war. This compared with the peak of about 3.5m b/d in 1979.

Syria, Iran's ally, further reduced Iraq's export capacity in 1982 when it shut a pipeline across its territory carrying

Iraqi crude to the Mediterranean.

However, Iraq is now able to produce more than 2.5m b/d higher than the 2,368m b/d allowed for Iran by Opec and second to Saudi Arabia's 4.3m b/d.

Iraq's two other big pipelines—one recently expanded through Turkey and another built recently in Saudi Arabia—lead away from the war zone.

Saudi Arabia has also built pipelines to the Red Sea and Iran is thinking of building lines to avoid the Gulf.

The extra oil will provide Iraq with money for its war effort and give it more leverage within Opec, oil sources said.

Fiji chiefs back ethnic constitution

BY OUR FOREIGN STAFF

Fiji's traditional chiefs yesterday proposed a plan for radical constitutional changes which would eliminate democracy in the islands. The plan seeks to ensure perpetual political power for the indigenous Melanesians and exclude Indians from gaining political control, the central aim of the military coup on May 14.

A senior member of the Great Council of Chiefs said the paramount body threatened to declare Fiji a republic if its plan was rejected by Governor-General Ratu Sir Penaia Ganilau.

Ratu Ganilau, who heads an interim administration, has appointed a special committee to review the constitution. The plan would expand the number of parliamentary seats to 71

from 32 and abolish the Senate. It was worked out in 10 days of discussions, highlighted by demands from the extremist Taukei Movement to turn Fiji into a republic.

Under the council plan 40 Fijian members of parliament would be nominated, rather than elected, two from each of the 14 provinces and eight from the Great Council of Chiefs with the prime minister appointing the other four.

Twenty-two seats would be reserved for ethnic Indians, eight for other races and one for the far-dung northern island of Rotuma. All the non-Fijian seats would be elected. The prime minister would be elected from the Fijian members of parliament.

Nakasone successor vote set for October

JAPAN'S RULING Liberal Democratic Party will install a successor to Prime Minister Mr Yasuhiro Nakasone as its leader at a convention on October 31, a party spokesman said yesterday, Reuters reports from Tokyo.

The new party president will later become Prime Minister.

Leading contenders to succeed Mr Nakasone, whose term ends on October 30, are Finance Minister Mr Kiichi Miyazawa, former Finance Minister Mr Noboru Takeshita and former Foreign Minister Mr Shintaro Abe.

A fourth but minor contender is former LDP vice-president Susumu Nakai.

US bases 'key to relations with Manila'

BY OUR FOREIGN STAFF

THE ISSUE of US military bases in the Philippines is likely to determine future relations between the two countries, a spokesman for President Corason Aquino said in Manila yesterday.

Mr Teodoro Benigno said that Mrs Aquino, who has called on her American allies to provide more economic and military aid to rebuild the Philippine economy and help Manila fight Communist insurgents, has reached a "threshold" in patience.

Mr Benigno spoke shortly after US Representative Stephen Solarz had said that

Washington was looking at possible new locations for the bases, the largest concentration of US military installations on the continental United States.

However, any move would mean splitting the bases and leave an important hole in the US presence in Asia. Subic Bay naval base on the west coast of Luzon, the Philippines' largest island, has one of the finest natural deep water ports in the world and Clark air base has thousands of acres of land for the force exercises.

The new Philippine Congress, which opened yesterday, is to

decide whether to renew the bases agreement, which expires in 1991. Many in Congress, the country's first elected legislature for 15 years, promised during election campaigns to get tough with the US by throwing out the bases or demanding better terms for their stay.

Many diplomats feel that both sides are simply playing a poker game and that the bases are certain to remain after 1991. The loss to the Philippine economy, if they were to go, would be devastating while the strategic defence loss to the east is felt to be too great to be acceptable.

AMERICAN NEWS

Meese fends off responsibility for Contra affair

BY STEWART FLEMING, US EDITOR, IN WASHINGTON

MR EDWIN MEESE, the US Attorney-General and a close friend and adviser to President Ronald Reagan, yesterday vigorously defended the investigation he conducted last November into the Iran-Contra affair.

He insisted that errors in the President's presentation of the facts to the US people, and misleading testimony to Congress at that time, were the responsibility of "those who had knowledge" of the covert operations to sell arms to Iran and divert profits from the sales to the Contra rebels in Nicaragua.

"The truth is I did not have the knowledge to make any judgment of the accuracy of testimony (to Congress)," Mr Meese said, adding that those who did included Lt-Col Oliver North, the dismissed National Security Council aide. In his testimony this month, Col North had sought to shift responsibility to senior administration officials, in particular Mr Meese.

However, Mr Meese did reveal for the first time that, in January 1986, he had been briefed by Col North on the outlines of the Iran arms sales. But he added that thereafter his knowledge of the details of the operations was "fragmentary".

He explained that a conscious decision had been taken to keep information about the covert operations "compartmentalised" so that the information should not leak out. The attorney-general struck a conciliatory tone towards the investigating Congressional committee and the Congress, one which contrasted sharply

with the assertions of Rear-Adm John Poindexter, former National Security Adviser, and Col North, who seemed almost to revel in their conviction that Congress had no right to know about the administration's covert policies.

"I would be remiss if I did not acknowledge one of the often stated goals of these hearings—the need for a constructive relationship between the executive and the legislative branches in the conduct of foreign policy," Mr Meese said. Mr Meese is a controversial figure on Capitol Hill and a man who has been weakened politically by questions about the conduct of his financial affairs and allegations of influence peddling which are being investigated by a special counsel. He is expected to be given a rough grilling by the Congressional committee.

His conduct of the initial probe into the Iran-Contra affair for the president has been seen by some as evidence of an attempted cover-up, by others as an expression of his incompetence. "I tend to believe it was a case of gross incompetence, not criminal intent. I guess it is better to be dumb than stupid," Senator Warren Rudman, vice-chairman of the committee, has said of the investigation.

The questioning yesterday by the chief counsel to the House committee, Mr John Nields, was not confrontational in tone—at least initially. Mr Nields, who also opened the questioning of Col North, has been criticised in Congress for having been too aggressive then and giving Col North an opportunity to win the sympathy of his television audience.

Moves on Fed and SEC

THE US Senate Banking Committee yesterday approved the appointment of Mr David Ruder as chairman of the Federal Reserve Board and the Securities and Exchange Commission, agencies report.

Mr Alan Greenspan is to succeed Mr Paul Volcker as chairman of the Federal Reserve Board. The nomination was agreed unanimously.

The committee approved the appointment of Mr David Ruder as chairman of the Securities and Exchange Commission by a vote of 17-3. He supersedes Mr John Shad, who is now US ambassador to the Netherlands. Both nominations will go to the full Senate for final confirmation, which is expected.

Brazilians seek to head off working week cut

By Ivo Dawsey in Rio de Janeiro

BRAZILIAN businessmen have appealed to President José Sarney for support in their battle to defeat proposals in the draft constitution that would limit working hours and guarantee unprecedented job security.

A document delivered to the presidential palace this week by members of the business umbrella group, União Brasileira de Empresas, praised the new austere economic policy imposed by Mr Luiz Carlos Bresser Pereira, Finance Minister, last month.

It went on, however, to warn that confidence in the government's price and wage freeze, and the consequent reduced profitability, was being undermined by the Congress, in its present role as drafter of a new constitution.

Provisions for security of employment and the reduction of the working week from 48 to 40 hours threatened to undermine the plan's achievements. The nation was "perplexed and alarmed" by social clauses that would disrupt relations between capital and labour, the document claimed.

The business group argued that free collective bargaining, established under normal legislation, regulate industrial relations. Businessmen are especially alarmed by the stability of employment proposals, which would give all workers job guarantees for life after three months continuous employment with a company. Dismissals would only be authorised in disciplinary cases or other exceptional circumstances.

Observers of the constitutional assembly are convinced that such blanket guarantees would be a disaster for the final charter. The business community fears, however, that the clause has already provoked unrealistic aspirations by organised labour.

A senator who visited Mr Sarney with the business delegation has claimed that the executive is pledged to fight the proposals.

Brazil wants accord by October with creditors

BRAZIL'S Finance Minister Luiz Carlos Bresser Pereira said yesterday that he wants to reach an agreement with his country's private creditors before October 20, Reuters reports from Washington.

Brazil in February stopped interest payments on \$88bn owed to foreign banks.

After several days of meetings with US officials and bankers, Mr Bresser Pereira said if Brazil could make some payments on its debts before October 20 it would help prevent banking regulators from declaring Brazilian loans value-impaired.

US banking regulators will decide at the October deadline whether to downgrade the Brazilian loans held by US banks. Such a downgrade would require US banks to set aside a percentage of the loans, usually 15 per cent, against potential losses.

Many banks have raised general reserves to up to 25 per cent recently, touching off a wave of huge quarterly losses.

Mr Bresser Pereira said Brazil is seeking \$7.2bn in additional loans from its bank creditors at the same time as the London Interbank Offered Rate (Libor) to help finance the interest payments on its existing loans.

He said he wanted to negotiate an agreement with Brazil's bank creditors before negotiating an accord with the International Monetary Fund.

Brazil has some \$11.3bn in foreign debts, both to private institutions and governmental bodies.

The Finance Minister said he wanted to negotiate an agreement with Brazil's bank creditors before negotiating an accord with the International Monetary Fund.

wanted to negotiate an agreement with the banks that does not include a cross-default clause. Such a clause could trigger suspension of funds disbursements should Brazil fail to adhere to requirements for economic improvements set by the IMF.

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ments for progress and well-being of our populations that cannot be postponed," Mr Lusinchi said.

This is a matter that does not admit unilateral decisions, which calls for means of understanding and agreement," he said.

Mr De La Madrid also spoke of the need for a "new focus" and "innovative responses" to the region's debt problem.

"In this, as in other fields, Latin America still has much to say," he said.

Mr Lusinchi arrived in Mexico City yesterday afternoon with Foreign Minister Mr Simon Alberto Consalvi, Energy Minister Mr Arturo Hernandez Grisanti and other government officials for a visit expected to focus also on Central America and oil.

During their speeches, the two leaders referred to their commitment to the Contadora Group peace process, but stressed the need for Central America to make political compromises.

"We think that now more than ever, it is the turn of the governments of the Central American countries to act as protagonists in the peace process," Mr Lusinchi said.

"If they raise obstacles... then peace will only be a fantasy," he said.

Mr De La Madrid said he was confident, the Central American presidents would hold the scheduled August 6 to 7 summit meeting in Guatemala, despite delays and continued uncertainty surrounding the meeting.

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US wage increases contained for year

THE US LABOUR Department says major collective bargaining settlements reached in the first six months of 1987 provided wage adjustments averaging 2.9 per cent in the first contract year and 3.1 per cent a year over the contract's life.

These agreements covered 528,000 employees or nearly three-quarters of the workers who reached settlements during the first six months this year.

By contrast, average wage settlements for the 204,000 workers in manufacturing industries were 0.7 per cent in the first year and 0.9 per cent over the contract's life.

As a result of the first-half settlements, 488,000 workers had first-year wage increases averaging 4.1 per cent while 182,000 had no wage change and 52,000 had average pay decreases of 3.3 per cent, the Labour Department said.

Settlements in non-manufacturing industries offered average wage increases higher than for manufacturing industries.

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Wage settlements in the non-manufacturing sector showed adjustments averaging 2.9 per cent in the first contract year and 3.1 per cent a year over the contract's life.

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Reagan in 'no hurry' on Baldrige replacement

PRESIDENT Ronald Reagan is said to be in "no hurry" to name a successor to the late Mr Malcolm Baldrige, the Commerce Secretary, although acting Secretary Clarence J. Brown Jr. appears to be emerging as a serious contender, AP reports from Washington.

Mr Brown, 60, a former Republican Congressman from Ohio, took over control of the 33,000-employee agency on Monday, holding a series of senior staff meetings throughout the day.

White House officials said the President would not name a successor until after Mr Baldrige's funeral. A spokeswoman, Lesley Arst, said there was "no need to do it immediately."

President Reagan is due to attend a memorial service at the national cathedral in Washington today for Mr Baldrige, who died on Saturday from injuries suffered while practising for a rodeo in northern California.

White House officials said the President would not name a successor until after Mr Baldrige's funeral. A spokeswoman, Lesley Arst, said there was "no need to do it immediately."

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Panama general strike spreads

A GENERAL strike that started in the capital has spread to other Panamanian cities, and the government has arrested 46 people, including the retired colonel whose accusations against Panama's military leader provoked the current protests, AP reports from Panama City.

Before dawn on Monday, soldiers firing tear gas raided the home of retired Col Roberto Diaz Herrera, and arrested him and 45 other people.

The military said in a statement that nobody was killed or injured in the raid, but did not say where those arrested were

being held. The arrests came after authorities had met resistance to a search for weapons, the military added.

Col Diaz has accused Gen Noriega of involvement in corruption, electoral fraud and the deaths of political opponents.

Gen Noriega has denied the charges, saying the allegations are backed by those in the US opposed to transferring operation of the Panama Canal to the Panamanian government at the end of the century.

The two-day strike called on Monday by the National Civic Crusade paralysed Panama City. Many businesses closed,

the bus service stopped and streets were deserted except for police and soldiers on patrol.

Reports from the cities of David, Santiago and Colon said the main shopping areas had been closed by the strike by businesses. In Colon, soldiers patrolled the streets but, as in the capital, there were no reports of violence.

In Panama City, more than half the businesses closed in the main shopping area. Most banks were open but many employees did not go to work.

The strike was called to protest against military control of Panama's government.

Garcia speech on economy awaited with uncertainty

BY BARBARA DURN IN LIMA

PERU'S businessmen awaited with uncertainty the annual national day speech yesterday of President Alan Garcia after government had at the weekend unexpectedly declared all banking business closed until Thursday.

The press speculated about a change in the foreign exchange regulations or a shutdown of the parallel dollar market.

After taking office two years ago, Mr Garcia declared a two-day bank holiday and then announced sweeping economic measures which included a

currency devaluation and the freezing of all dollar savings accounts to conserve foreign exchange. The dollar accounts are still frozen.

Peru has used its dollar reserves to fuel a consumption-based economic recovery programme that pushed the economy to a growth rate of nearly 9 per cent last year.

The reserves have declined steadily since reaching a high of \$1.5bn in March 1986. Net reserves in mid-July were \$795m, roughly equal to the level two years ago.

WORLD TRADE NEWS

Britain restores export credit facilities to Nigeria

BY MICHAEL HOLMAN

BRITAIN'S EXPORT Credit Guarantees Department yesterday announced new export cover facilities for Nigeria, effectively restoring normal trading following suspension of cover in 1984.

The four-part package, sections of which are still under discussion, includes a £200m medium-term line of credit designed to assist small- and medium-scale businesses in Nigeria.

The department is also prepared to provide medium-term credit to enable UK contractors to complete essential projects and will back UK participation in approved projects in Nigeria's revised five-year development plan, which is receiving funding from the World Bank and commercial banks. ECGD will also support short-term business, secured by letters of credit, although the department does not specify a ceiling.

The development follows the completion by Nigeria earlier this year of debt rescheduling under the auspices of the Paris Club. Last March ECGD said that it was prepared gradually to restore full cover for Nigeria, whose president, Ibrahim Babangida, has introduced a widening economic reform programme endorsed by the International Monetary Fund and assisted by the World Bank.

The department said yesterday that the £200m medium-



President Babangida: economic reforms

term line of credit would support the export of capital goods and equipment for the regeneration of Nigerian industry and agriculture on credit terms of up to five years from delivery. The Nigerian government has appointed Barclays Bank as the UK bank to provide the line of credit.

Vosper is hoping that the Australian Navy's familiarity with the Leander class frigate, which it is already operating, will overcome a technical complication in bidding with the modernised version — namely

most important market in black Africa, were worth \$566m last year, sharply down on the 1985 level of nearly £1bn as a result of the continuing fall in Nigeria's oil exports, the source of over 90 per cent of its foreign exchange earnings.

It was the slump in oil receipts and the consequent build-up in trade arrears that led to the suspension of ECGD cover in late 1984.

Although the facilities announced yesterday will be welcomed by British companies, the rebuilding relationship remains marked by the unresolved matter of claims for uninsured trade arrears. Promissory notes worth around \$3bn in part payment of the arrears have been issued, but traders are claiming a further \$2bn to \$3bn, a figure disputed by the Nigerian authorities.

The matter is further complicated by the fact that last October the Nigerian government announced that it was unable to meet the terms on which the notes were issued.

Both noteholders and businesses with outstanding claims have urged the British government to take up cudgels on their behalf.

Although they have received a sympathetic response it has been clear for some time that the Government is reluctant to let the dispute stand in the way of the resumption of normal trade cover.

Japanese to study fast train project for Australia

By Chris Sherwell in Sydney

KUMAGAI GUMI, the Japanese construction group, and two prominent Australian companies, TNT and Elders IXL, are to go ahead with a three-year feasibility study for a \$440m Very Fast Train project linking Sydney with Melbourne via Canberra.

Kumagai Gumi was reported yesterday as saying the results of a six-month pre-feasibility study had been favourable and warranted a full-scale examination.

The project aims to provide passengers between Australia's leading cities at up to 350 kilometres per hour and at lower fares than those for air travel.

The link would be the third major Australian transport project to involve Kumagai Gumi. With Transfield, a private Sydney construction company, it is building the "Skidube" tunnel in the Snowy Mountains and is embarking on the huge Sydney Harbour tunnel project.

The proposed rail service would cut travel time substantially. It would therefore be expected to eat into the airlines' share of the market both on passengers and freight, in the process hurting Ansett, the airline half-owned by TNT.

UK NEWS

CBI QUARTERLY INDUSTRIAL TRENDS SURVEY

BY JANET BUSH

Manufacturing output and business confidence continue on upswing

MANUFACTURING output is continuing to grow strongly, new orders are at a historically high level and there are few signs of immediate capacity constraints, the Confederation of British Industry said yesterday.

The Confederation's latest Quarterly Industrial Trends Survey, covering 1,485 companies, shows that business confidence continued to grow strongly in the second quarter after the sharp rise recorded in the first three months of 1987. The CBI said the increased confidence was broadly based but was particularly strong among smaller companies.

CBI economists estimated manufacturing output would increase at an annual rate of around 4 per cent in the third quarter and that strong trend should be matched by a rapid rise in average unit costs over the next four months.

The CBI said strong competition was limiting inflationary pressures and said the rapid rise in average unit costs in the first quarter was now moderating.

According to the survey results, there is no evidence of capacity problems in industry as a whole, even though capacity usage is at a historically high level. Fixed capacity constraints were most noticeable in the textiles, electronics and electrical engineering sectors but the most disquieting constraint on industry was a rise

in reported skill shortages. The survey is very optimistic about investment intentions and suggests manufacturers intend to invest at the fastest rate for more than three years.

Prospects for unemployment in manufacturing have improved with employment falling at a lower rate than at any time since October 1985, according to the CBI. The CBI economists expect employment to fall by an average 1,000 a month in the third quarter compared with 2,000 in the second quarter and 5,000 in the first.

Business confidence: There are signs that business confidence is moderating after the strong upswing during the first three months of 1987. In the July survey, a balance of respondents (the proportion reporting a rise minus those reporting a fall) saying they were more optimistic showed a decline to 25 per cent compared with 29 per cent recorded in April.

The CBI said it was notable that no single industrial sector was less optimistic than four months ago. The chemicals and, to a lesser extent, metal manufacturing sectors reported a sharp increase in optimism.

Output and orders: A balance of 25 per cent of respondents said output had risen over the past four months and the same balance said they expected output to rise over the next four months. Those percentages are only marginally below the 34

per cent balance in April's survey reporting that output had increased in the first quarter. The results suggest that the volume of output is continuing to rise on a strong, but no longer accelerating, trend after the very rapid growth registered in the first quarter.

The increase in output is broadly based with every size group, market sector and broad industrial sector recording a significant positive balance. The capital goods sector is lagging slightly with a decelerating rate of growth expected to weaken further but remains broadly positive. The rise in output of the consumer goods industries is accelerating.

The recent rapid increase in orders has been maintained with 25 per cent of respondents reporting above-normal order books, the highest result in a quarterly survey since that question was asked in April 1987, and compared with 22 per cent asked the same question in the previous survey.

The strong upward trend is expected to continue for all sectors and all sizes of companies. The electrical and instrument engineering sector is expected to pick up strongly in the third quarter.

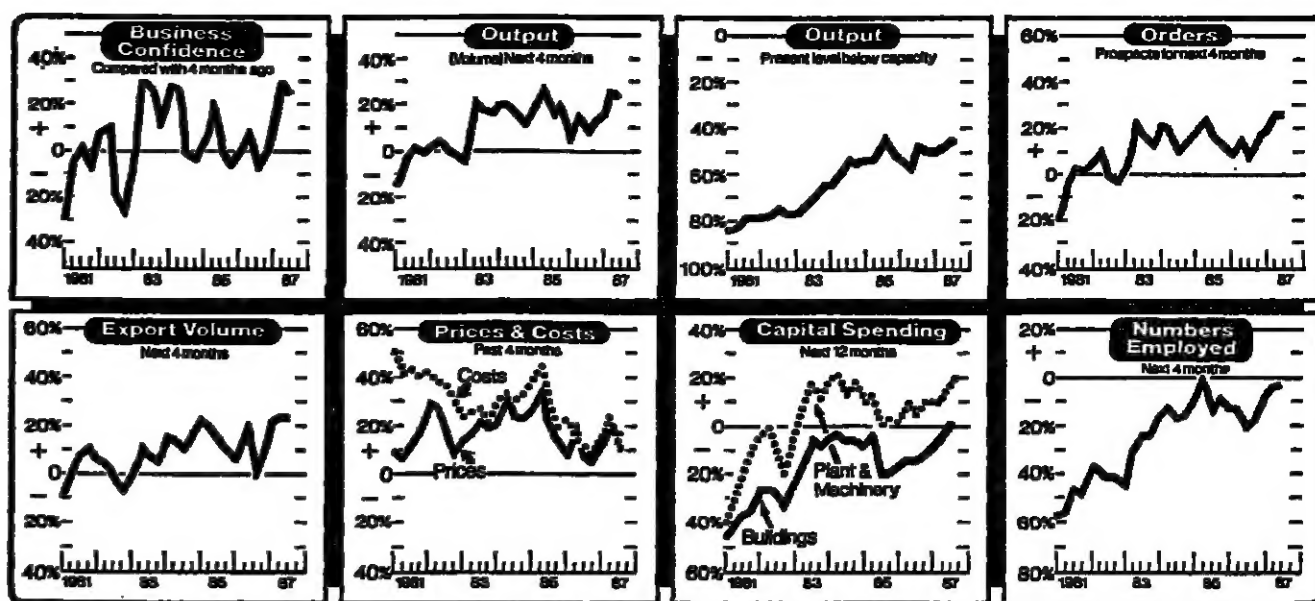
Capacity and constraints to output: A shortage of orders or sales remains the predominant constraint on output although the percentage of respondents

citing that factor has fallen to 50 per cent from 72 per cent in April. July's figure is the lowest since April 1979, and reflects the healthy level of demand.

The shortage of skilled labour is becoming more acute with 18 per cent of respondents citing this factor, the highest since before the recession of 1980-81. Plant capacity was no longer as important a consideration as in April, with the percentage citing that factor falling to 22 per cent in the July survey from 25 per cent in April. The CBI said the survey did not provide any indication that manufacturing industry was approaching capacity constraints with a balance of 17 per cent saying capacity was more than adequate to meet demand over the next 12 months compared with 15 per cent in April's survey.

Capital expenditure: Investment intentions in plant and machinery over the next 12 months have accelerated sharply with a balance of 20 per cent of respondents intending to increase capital expenditure, the highest balance since April 1984. The sharpest increase in intentions was recorded by the capital goods industries.

Costs and prices: The sharp increase in average unit costs in the first quarter did not carry over into the second quarter. The balance of respondents reporting an increase in costs



The charts, except that for capacity utilisation, show percentage balances representing the proportion of companies reporting an increase minus those reporting a fall. The capacity utilisation chart shows a straight percentage

over the previous four months fell significantly to 10 per cent compared with 25 per cent in April. On prices, a balance of 19 per cent said they intended to raise prices over the next four months compared with April's 25 per cent.

Exports: Optimism about export prospects has remained high with a balance of 24 per cent saying they were more optimistic than in the previous survey both in July and April. Only the metal manufacture and paper, printing and publishing sectors are less optimistic than at the end of the first quarter. Chemicals is notable for the rapid rise in optimism

reported. Export order books are above normal for a balance of 10 per cent of respondents, the first positive quarterly balance since April 1985. That compares with a negative balance of 6 per cent in April. Strong, if not quite so rapid, growth is expected over the next four months, not quite

matching the increase in deliveries. CBI Quarterly Industrial Trends Survey, July 1987, CBI Economic Trends Department, Centre Point, New Oxford Street, London, WC1A 1DU. £110 a year for members, £176 for non-members.

Backlog handicaps Land Registry work

BY PAUL CHESWRIGHT, PROPERTY CORRESPONDENT

THE BACKLOG of property transactions awaiting registration at the Land Registry had climbed to 700,000 by the end of last March, the National Audit Office reported yesterday.

Sir Gordon Downey, Comptroller and Auditor General, in a report that will provide the basis for an investigation by the Commons Public Accounts Committee, said productivity at the registry "has been constrained by the increased servicing of the accumulated backlog".

The Registry is in the anomalous position of facing severe operating difficulties but at the same time generating a growing financial surplus which it cannot use to meet its difficulties.

It occupies a central place in the property business with responsibility for registering changes in land and building ownership. But it has been swamped by a tripling of conveyancing transactions since 1978. The number has doubled in the last five years and it has increased by 25 per cent in the last year.

The National Audit Office noted that "the increase in its resources has fallen well short of the increase in the number of applications" which has far exceeded Registry estimates. But by March last year, the Registry had paid into the consolidated fund £24.2m of accumulated surplus income. Because its expenditure is held down by the Treasury, it has not been able to use its sur-

plus to fund extra staff needed to cope with the extra volume of business.

"If it was allowed to use such surpluses to recruit additional staff and/or to the efficiency of land registration," Sir Gordon said in a muted but explicit criticism of the Treasury.

He is calling for a review of the operational and financial constraints within which the Registry works. As the Public Accounts Committee frequently follows the recommendation of the National Audit Office, parliamentary pressure on the Government might build up for a relaxation of the financial constraints on the Registry.

Not only is the present controls provide for the transfer of the surplus revenue to the consolidated fund, but the Registry has to act within cash and running cost limits. Its staff numbers are closely controlled.

Computerisation of the Registry's operations would clearly have a marked effect on its operations, but in spite of the introduction of some computers in 1978, a comprehensive system will not be working until 1992. The final cost will be £24m. Although there should ultimately be annual cost saving of £15m, the computer investment, said the National Audit Office, would not break even until 1988.

Review of the Operations of the HM Land Registry - report by the Comptroller and Auditor General, National Audit Office; House of Commons Paper 39; HMSO, 25.50.

Market for woollen yarns and fabrics 'buoyant'

BY ALICE RAWSTHORN

THE MARKET for wool was buoyant in the early part of this year. Production of woollen yarns and fabrics by British companies rose, while imports fell.

The healthiest sector of the industry in the first three months of the year was that of woollen fabrics, where production increased by 14 per cent to 12.5m sq m compared with the same period in 1986, according to the Wool Industry Bureau of Statistics.

The international outlook for woollen fabrics was equally bright. Imports fell from 3.2m to 2.9m sq m while exports rose by 14 per cent to 5m sq m. Production of woollen yarns increased by 6 per cent to 19.8m

kg in the first quarter. Imports fell from 1.2m kg to 1.1m kg and exports from Britain rose by almost 2 per cent to 2.2m kg.

In worsted yarns, production rose by 6 per cent to 11.3m kg. Imports fell to 1.5m kg, while exports rose to 588,000 kg.

The picture in worsted fabrics was less encouraging. Production from British companies fell from 12.2m to 11.1m sq m, reflecting a fall in consumption. Exports fell from 4.3m to 3.4m sq m but so did imports from 1.8m to 1.7m sq m.

The Quarterly Review of UK Trade Statistics, Wool Industry Bureau of Statistics, 60 Toller Lane, Bradford, 220 a year.

Monopolies policy guide

BY DAVID CHURCHILL

THE Monopolies and Mergers Commission is seeking to become more familiar to the public by publishing a plain man's guide - costing 95p - to monopoly and merger policy and to the way it conducts its investigations of business.

Sir Godfrey Le Queux, commission chairman, says that because the commission operates in private its responsibilities and the way it works are not widely understood. He says it is important to increase understanding when there is much discussion of mergers policy, efficiency of public corporations and the supervision of private businesses.

However, some observers see publication of the guide to the

commission's workings as a subtle move in the battle over the commission's future.

An internal Whitehall inquiry is being made into the future of the commission's policy. That might change the commission's work.

The Confederation of British Industry believes the commission is too slow and plodding in its activities. It suggests to the government inquiry that parts of the commission should be merged with the Office of Fair Trading to accelerate merger investigations.

The inquiry is scheduled to be completed by autumn.

The Monopolies and Mergers Commission; HMSO, 95p.



A partnership of this size will bring business flocking to Teesside.

On May 14th, work began on the site of one of the most innovative developments ever undertaken in the North - Belasis Hall Technology Park.

By harnessing the skills and resources of both public and private sectors, this joint venture between ICI and English Estates' Northern subsidiary will create a perfect breeding ground for high technology businesses.



With the support of central and local government it will help to broaden Teesside's

economic base and renew the area's prosperity.

The first phase of this 167 acre project will provide a haven for up to forty new businesses.

They'll enjoy the benefits of flexible accommodation, built to high architectural standards in traditional materials.

The site will also be sympathetically landscaped to enhance its sensitive ecology (Seal Sands bird sanctuary is close by).

This is not only a "good neighbour" policy, it will help to create an ideal working environment.

But by far the most important and unique feature of the project is its close association with ICI's Teesside complex.

By encouraging the transfer of experience and the sharing of resources and amenities, this will help to get businesses off to a flying start.

Belasis Hall is only one of over 650 developments managed by English Estates.

All of which are designed to assist the private sector to generate economic activity and jobs in areas which need them most.

ENGLISH ESTATES
The Developing Agency

UK NEWS

Venture fund set up for Yorkshire companies

BY IAN HAMILTON FAZEY, NORTHERN CORRESPONDENT

WEST YORKSHIRE Enterprise Board— which relaunches itself today as plain Yorkshire Enterprise— is to set up a £25m development capital fund in the autumn with several leading national pension funds.

It will be known as The Yorkshire Fund and take equity stakes in expanding companies in the counties of Humberside and North, South and West Yorkshire, usually with a view to their eventual public flotation.

The recent performance of the 140 quoted companies in the region suggests that there is significant economic recovery where the fund will be applied.

Individual deals under the fund will usually be of £1m. With smaller Yorkshire Enterprise funds offering sums as low as £5,000 and other funding sources developing, the latest fund is expected to contribute to regional self-sufficiency in venture capital.

Income for the fund will come from dividends and capital gains. A favourable taxation status will enable it to plough back all profits which can be reinvested in new projects as the fund "revolves".

The Inland Revenue has also

given the fund "limited partnership" status. That enables Yorkshire Enterprise and any public or private sector pension funds to direct money to Yorkshire Enterprise to be run as a single fund.

Without such status Yorkshire Enterprise could have only acted as agents for subscribing pension funds or tried to "do its own thing". That would have severely limited the size of the fund or stifled its entrepreneurial approach to venture capital management.

Pension funds that had approached the old enterprise board wanted an active management with the quality of supervision that has been a hallmark of the old board.

The launch of Yorkshire Enterprise is being seen as a significant step in redressing Britain's severe regional imbalance in venture capital provision. That has undoubtedly encouraged the government to ensure that the newly created body had the most favourable tax regime possible.

Yorkshire Enterprise and its funds are being classed officially as enterprise agencies allowing a gift of profits to Yorkshire Enterprise from any of its funds to be made free of tax under the

1982 Finance Act.

The emergence of Yorkshire Enterprise is also a triumph for Mr John Ginnell, its chairman and Mr Alan Pickering, its managing director. Mr Ginnell was the leader of West Yorkshire County Council and led the losing fight by all six metropolitan counties — the others were Merseyside, Greater Manchester, West Midlands, South Yorkshire and Tyne and Wear — against abolition.

The West Yorkshire Enterprise Board—like those of Merseyside, West Midlands and Greater London—was founded in controversy, with allegations that it would lose ratepayers' and pension fund monies in risky or politically motivated projects.

It asked it has invested about £15m in nearly 70 companies, only six of which have failed. That has helped to create or preserve about 7,500 jobs, mainly in West Yorkshire, as well as returning profits of up to £1m a year which have been made available for reinvestment. With government encouragement, the new body may be held as a model for other regions.

Yorkshire and Humberside survey, section two

Single power board likely after sell-off

BY MAX WILKINSON, RESOURCES EDITOR

THE GOVERNMENT timetable for privatising the £36m electricity industry is likely to prevent the Central Electricity Generating Board from being broken up into competing companies, ministers are beginning to recognise.

It seems likely that the Government will decide to sell the CEBG, which has net assets of £27bn, as one lot, even though it dominates the industry with a monopoly over generating capacity south of the Scottish border.

The 12 area electricity boards, which now have responsibility only for selling power, are likely to be privatised singly or together and encouraged to build their own power stations if they want.

Although senior ministers will not make up their minds about the future shape of the industry — at least until the autumn — they have agreed that the sale should be completed if possible in the present Parliamentary term, probably in 1991 or 1992.

This almost certainly precludes a major restructuring of the industry. The main reason is that the newly constituted generating companies would have neither an established management team nor a financial track record to enable a credible prospectus to be written in the time available.

Moreover, financial advisers have suggested informally that a series of sales of separate electricity companies would be impracticable if they were punctuated by an election. And the Government could hardly sell off five or 10 electricity companies in the brief space before an election.

Mr Cecil Parkinson, the Energy Secretary, has been stressing in widespread consultations that he has an open mind on the future structure of the industry. He also wants the new private sector structure to be subjected to as much market discipline as possible.

However, he would like to have taken the fundamental decisions by Christmas. It is expected in Whitehall that this will involve a White Paper (policy document) rather than a consultation document.



Cecil Parkinson: 'open mind'

Thereafter, draft legislation is expected to take at least 10 months to prepare and it is unlikely that Parliament could be presented with detailed proposals before 1990 at the earliest.

It seems likely that ministers will try to set conditions for the erosion of the CEBG's monopoly by encouraging privatised area boards to build power stations or to buy power from independent consortia.

Because Britain is likely to need the equivalent of 10 to 12 big new power stations (worth perhaps £5bn), the privatised area boards could become significant competitors in the generation of electricity.

The privatised CEBG would no longer have the duty to ensure that electricity supplies were adequate. This would be vested with the area boards instead.

However, the question of how to privatise the area boards is unresolved and is likely to be the subject of a tough battle in the late summer and early autumn. Those wanting to promote maximum competition would like to set up 12 separate companies, or perhaps combine the present boards into four or five regional power companies.

Other people are saying that the flotation and the drafting of legislation would be much simpler if all 12 boards were combined into one national distribution company which could be a second force to the CEBG.

Editorial Comment, Page 18

Legal fight threatened over gas tariff data

By Lucy Kellaway

THE OFFICE of Gas Supply (Ofgas), the watchdog created to regulate the privatised British Gas, is considering legal action because it claims British Gas has refused to supply vital information on the setting of gas prices for its 16m domestic customers.

The regulatory body, which was established primarily to ensure that British Gas applies correctly its fixed formula for setting domestic gas prices, said yesterday that it had not been given sufficient information to judge whether the latest 4.5 per cent reduction in gas prices was fair or not.

The dispute centres on whether British Gas need reveal its forecast for the average price it pays for its gas, a critical component in calculating the domestic gas tariff.

British Gas has refused to supply this forecast to Ofgas, believing that it is commercially sensitive information which it is not required to reveal.

A spokesman for Ofgas said yesterday that British Gas was infringing the terms of its licence in refusing to supply the information and that without details of the forecast Ofgas could not perform its function. A series of "angry letters" had been exchanged, and an impasse had now been reached, he said.

British Gas said yesterday: "The bill is now in Ofgas's court. We have told them we are not going to give any more details. We have already given them more than we have to."

As an alternative to legal action, Ofgas is considering whether to ask the Monopolies and Mergers Commission to clarify the terms of the licence so as to remove any ambiguity over the information which needs to be revealed. A decision is likely next week.

The licence gives Ofgas general powers of supervision and permits it to intervene if forecasts of gas costs subsequently prove badly wrong.

The dispute reflects the fears voiced last year when the Government was drawing up the regulation for the privatised gas industry. It was argued that Ofgas did not have sufficient power over the setting of gas prices.

NatWest pre-tax falls to £251m after bad debt provisions

BY HUGO DIXON

NATIONAL Westminster Bank (NatWest), Britain's largest clearing bank, yesterday underlined its position as one of the world's most profitable banks, when it reported unexpectedly good pre-tax profits of £251m for the six months to June 30.

The figure was 48 per cent lower than the results in the same period of the previous year, because of the group's decision to take a loss of £496m for its exposure to the Third World. However, profit before charges for bad debts increased 24 per cent to a record £812m.

The £812m compares with a profit of exactly the same amount and a loss of £887m, reported last week by Midland Bank and Lloyds Bank respectively. Barclays Bank will report its results tomorrow.

Midland was able to achieve any profit at all only by controversially treating its Third World debt provisions as an extraordinary item — "below the line." If they had been charged against profits, it would have made a loss of £685m.

"We never contemplated doing anything other than taking them above the line," Lord Boardman, NatWest's chairman, said.

The main source of group profits, in common with Lloyds and Mid-

land, was domestic banking, where rising loan demand helped boost profits 71 per cent to £538m.

Profits from the related banking services division, which includes its finance house and insurance broker, also performed well.

Lord Boardman, however, dismissed suggestions — voiced by the Bank of England about banks in general — that the bank was starting up troubles for itself by fuelling consumer spending. "After exhaustive re-analysis, we are very happy with the debt we are taking on," he said.

The costs of building up a presence in New York and Tokyo are still being felt in the profits from investment banking, which earned only £2m (£1m).

The group believes that this investment is necessary if it is to appeal to the world's largest companies, which are increasingly going straight to capital markets to borrow money, cutting out banks.

Investment banking was also hurt by small losses on Eurobond and gilts trading, though these were more than counter-balanced by profits from equities dealing, corporate finance and investment management.

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Birmingham in development bid

BY HAZEL DUFFY

BIRMINGHAM City Council is expected to ask the Government to designate an area of the city as a simplified planning zone, in an attempt to speed up development in the area by the private sector.

Representatives of the council, with other leaders of a consortium that plans to set up a development agency for Aston, Nechells, east of Birmingham, yesterday told Mr Nicholas Ridley, Environment Secretary, of their intention.

But the council has not yet discussed the Government's proposed regulations on simplified planning zones, as the Environment Department has only recently sent out the proposals to local authorities for consultation.

Simplified planning zones are a new policy. They are designed to encourage private

developers into derelict and declining areas, by speeding up the planning process and giving developers greater certainty in planning investment. Local authorities will be asked to designate zones. If they do not, developers will be able to appeal directly to the Environment Department to designate areas.

Birmingham clearly hopes that an early indication of its likely co-operation might dispose the Government to make funds available to the urban development corporations which were set up to develop areas like central Docklands.

The agency would be private-sector-led, unlike UDCs, which are appointed and funded by government. The consortium is made up of five contractors —

George Wimpey, Tarmac, Galliford, Bryant Holdings and R. Douglas Holdings — the City Council and Birmingham Chamber of Commerce.

It has appointed Roger Tym & Partners to carry out a feasibility study, which the Government will help fund. The study will form the basis of the master plan for redevelopment of the area. Price Waterhouse has been appointed to advise on the formation of a company/agency, in which consortium members would take an equity stake.

So far, however, Mr Ridley has given no indication that he would help finance the development plans, which would involve site clearance, infrastructure and services improvement, and assembly of land packages to be sold to the private sector.

US can group to invest £40m in UK production

BY CHRISTOPHER PARKES, CONSUMER INDUSTRIES EDITOR

AMERICAN NATIONAL Can, the world's biggest packaging manufacturer, is to spend £60m on production capacity in Europe to meet growing demand for canned soft drinks and beer.

Mr Jack Turner, head of international operations, said yesterday that two thirds of the investment would be made in the group's UK subsidiary, Nacanco. The rest would be split between Spain and Italy.

A factory would be opened next year in north-west England, and existing facilities at some of the group's eight other British factories would be extended.

Mr Turner said the investment might create 200 jobs and increase capacity to 20 per cent. He said British demand was growing, partly as a result of the recent shake-up in the soft drinks industry.

The marketing efforts of the Coca-Cola/Cadbury Schweppes alliance and the competing Britvic/Corona consortium which has joined forces with Pepsi Cola, have prompted a surge in demand.

Mr Turner said all can suppliers in the UK market had

turned to imports to keep up with drink makers' orders. Nacanco had extended its Milton Keynes lines last year to feed a 19 per cent increase in sales of 33 cl cans, but more capacity was needed.

Notably canners of supermarket and wholesalers' own-label drinks have complained recently of a "can famine".

Nacanco, Metal Box and Continental Can, the three leading names in the UK market, have reduced UK output in recent years. They planned at the time to top up as necessary with imports. However, strong demand throughout Europe has stretched capacity.

American National Can is a subsidiary of Triangle Industries, a former wire and cable maker, which acquired Nacanco from the US in 1985 and American Can Packaging in 1986 to become world leader in packaging.

Sales have risen from £290m (£181.42m) in 1984 to £2.7bn last year. Its international arm, which operates 26 factories in 14 countries, turned over about \$600m last year.

Potential for Welsh hotels 'recognised'

By Anthony Moreton, Welsh Correspondent

LEADING HOTEL groups are beginning to recognise development opportunities in Wales and a number of projects were moving towards completion, according to Mr Prys Edwards, chairman of the Wales Tourist Board.

He said in presenting the board's annual report this week that after the opening of important hotels in recent years, such as the Holiday Inn in Cardiff and the Ladbroke Hotel in Swansea, contracts were being held within the next two weeks.

Mr Mick Murphy, the TGWU's national automotive officer, has refused to sign the agreement which involves radical changes to working practices, pay grading structures, and collective bargaining arrangements. However, the national office of the four other unions have signed.

General Motors said last week that it would introduce the package on August 17, when the Luton workers return from holiday, without Mr Murphy's agreement.

He said the company's decision to introduce the package regardless of the TGWU's objections was a challenge it could not ignore.

Mr Murphy said the agreement would undermine union organisation as no union would be able to go to arbitration unilaterally; the unions would not be able to negotiate the pay and conditions of temporary workers, and workers with more than a minor disciplinary record would be debarred from becoming shop stewards.

The company said the works council, which would have a substantial union majority, would negotiate over pay and conditions for non full-time workers, although this is not written into the agreement.

The union majority on the council, which would unanimously have to sanction referral of an issue to arbitration, made it unlikely that a union would not be able to pursue an issue, the company said.

The disciplinary measures relating to shop stewards would be stricter than elsewhere in the company, it said.

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GM faces strike ballot threat over van plant

BY OUR LABOUR STAFF

THE TRANSPORT and General Workers' union (TGWU) yesterday threatened to hold a strike ballot of more than 6,000 of its members employed by General Motors unless the company agrees to revise proposals for far-reaching changes to industrial relations and working practices at its van plant at Luton, north of London.

The threat came as it emerged that the two sides had held informal talks over the TGWU's objections to the union's involvement in the negotiations. But it is thought that a meeting to clarify the company's proposals will be held within the next two weeks.

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Air Traffic staff defer action over conditions

BY OUR LABOUR STAFF

THE THREAT of disruption to air travel over the peak summer period receded yesterday when union leaders representing about 650 air traffic controllers agreed to delay at least until September a ballot on new working practices.

"We have decided to go on negotiating in order to get the best deal we can," Mr Bill Brett, assistant secretary of the air traffic controllers' union, the Institution of Professional Civil Servants, said.

Mr Brett spoke after a meeting of union leaders called to formulate their latest official response to the Civil Aviation Authority's (CAA) package. This includes the introduction of flexible rostering, and a revised pay and grading structure.

The union leadership is believed to have come under some pressure from its rank-and-file membership to hold an early ballot in a move that could have led to an open confrontation with the CAA.

But Mr Brett said yesterday that he would aim instead to draw up a draft agreement with the CAA over

the next few weeks, although a "majority" of his members remained opposed to the proposal that they pay link with other Civil Service unions should be severed.

The CAA said last night that the two sides were now entering the "substantive stage" of negotiations and said it was hopeful that an agreement would soon be reached.

At issue in the next round of negotiations is the increasing commercial pressures within the airline industry, which air controllers say, are threatening air traffic safety.

The main union objection to the new proposals is that they will lead to lower pay, enforce job cuts, and bring about a further general lowering of morale that could increase the likelihood of accidents involving air traffic.

The CAA said yesterday that "a lot of misunderstanding" had surrounded its proposals. "We want controllers when and where they are needed and to match staffing levels with the expected traffic," the CAA said.

Mr Watts took up his joint chief executive post recently with responsibility for the group's carpet stores, Poundstretcher stores, Home Charm and Hamleys.

Sir Philip, who built up the Harris Queensway group, said: "In particular I wanted Mr Carr to take Queensway in a new direction, to take fashion into a joint chief executive and make Queensway more profitable."

He said a lot of achievements had been made at Queensway, but its profitability was not as good this year as last year, in contrast to the performances of the rest of the group.

"Mr Carr was a very good talker with very good ideas but he did not always follow them through," Sir Philip said. He added that staff morale at Queensway was low after optimism over proposed changes.

It is understood that Mr Watts' arrival at Harris Queensway with a different management style to that of Mr Carr, had raised the question of the validity of a joint chief executive post. Mr Watts, said Sir Philip, was a "hands-on" operator who had experience of running whole businesses and supervising costs.

Sir Philip was thought to be particularly concerned at an increase in administrative costs at Queensway's head office.

Mr Carr, on a salary of £75,000 a year, joined Harris Queensway last year on a three-year contract. Negotiations over compensation are proceeding.

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Stores chief forced to step down

By Lisa Wood

MR PETER CARR has abruptly left his job as joint chief executive of Harris Queensway, the furnishing retailer, at the request of Sir Philip Harris, the group's chairman.

Sir Philip has taken up the role of chief executive in addition to his responsibilities as chairman. Mr Martin Watts, who was joint chief executive with Mr Carr, is appointed group managing director.

Harris Queensway employees were told on Monday that Sir Philip had asked Mr Carr to relinquish his responsibilities as joint chief executive with immediate effect. When the unexpected move was made public yesterday, Sir Philip said he had acted speedily after deciding Mr Carr was not the right person for the job.

Mr Carr joined Harris Queensway from Debenhams, the department store subsidiary of the Burton Group, in early 1988. This year, in a two-way split of responsibility for the group's activities, he took charge of the Queensway furnishing stores, Harveys Furnishing and the electrical division.

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INAUGURAL SERVICE POSTPONED ON NEW LONDON TRANSPORT LINK

Docklands rail misses deadline

BY KEVIN BROWN, TRANSPORT CORRESPONDENT

LONDON REGIONAL Transport (LRT) yesterday abandoned plans to start passenger services on the £77m Docklands Light Railway on Friday, but said it was going ahead with the official opening by the Queen tomorrow.

The postponement of full services is a major embarrassment for LRT, which said in its annual report only a week ago that the railway was "on time and within budget."

Passenger services are expected to begin within four weeks, although LRT refused to name a date for fear of failing to meet a second deadline.

The delay is not expected to affect the redevelopment of the docklands area — Europe's biggest urban rebuilding project in the east end of London — which depends on the railway for access to the rest of London's public transport system.

The decision to postpone full services was taken by LRT on Monday after it became clear that a reliable service could not be guaranteed on time, despite last-minute adjustments to the system by GEC-Mowlem, the contractors.

Dr Tony Ridley, chairman of LRT's London Underground subsidiary, blamed the delay on the short timescale for the construction of the railway, which has been almost completed in less than 2½ years.

Dr Ridley said it would be unfair to customers to allow the railway to open "before we have had the continuous period of regular operation — without technical interruption — of which it is capable."

The timetable was regarded as tight, but achievable, by GEC-Mowlem, which won the contract against stiff competition and handed over parts of the railway to LRT in May.

There have been more problems than expected with the sophisticated computer system which controls the system, and some of the equipment has taken longer to reach operating conditions than expected.

The rails, for instance, were made of harder steel than is usual for light rail systems in use to reduce maintenance costs, and have not yet been properly worn-in.

The delay is not thought likely to damage export prospects for the system, which has been praised by railway operators from a number of other countries and well-received by specialist commentators.

"It was a very tight programme, and to have missed it by a small amount is an attempt to get it perfect is a disappointment, but not a tragedy," one manager said.

The costs of the delay in the final handover of the system will be borne by GEC-Mowlem,

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UK NEWS

Haslam offers NUM talks on flexible shifts

By CHARLES LEADBEATER, LABOUR STAFF

BRITISH COAL is prepared to open national negotiations with the National Union of Mine-workers over plans for flexible shift systems to allow six-day production. Sir Robert Haslam, the corporation's chairman, made the offer yesterday, saying that a national agreement could provide the framework for detailed local discussions over proposals for particular pits.

British Coal had previously insisted that negotiations over the introduction of six-day production be a distraction from the planned Manganese development in South Wales which should be conducted locally.

Sir Robert warned that the current unrest over the corporation's revised disciplinary code was a distraction from the vital need to introduce flexibility and become more competitive. If the NUM's current ballot on industrial action resulted in an overtime ban or a strike, it might lead to the closure of marginal pits and set the industry on a downward spiral, he said.

The offer of national negotiations on the principles of the corporation's plans is likely to provoke an intense debate among the NUM's leaders.

While Mr Arthur Scargill, NUM president, has urged outright opposition, a majority on the union's executive wants to explore the possibility of national talks.

British Coal 'likely to cut overall deficit'

By MAURICE SAMUELSON

BRITISH COAL is on target to reduce its overall deficit to less than £100m in the current financial year from last year's £288m, Sir Robert Haslam, chairman, said yesterday.

But his dogged optimism, at the presentation of British Coal's 1986-87 annual report, was overlaid with frustration about continuing industrial relations difficulties and uncertainty about the effect on coal of the forthcoming privatisation of its biggest customer, the electricity industry.

Sir Robert said last year's results confirmed that production in the pits had risen 21 per cent with operating costs 23 per cent lower than in the period before the 1984-85 strike.

With the help of these improvements, British Coal made an operating profit in 1986-87 of £368m, equivalent to a 6.6 per cent return on capital employed.

Although that was more than offset by heavy interest charges and high restructuring costs, it indicated the rate of progress towards the aim of breaking even in 1988-89 and thereafter generating an increasing surplus to contribute to self-financing.

That was being made possible by heavy investment in efficient capacity coupled with the dramatic restructuring of the past two years, which had

claimed 80,000 jobs in the total workforce and the closure of 59 collieries.

However, the industry could not be complacent about its growing realism about the need for change, said Sir Robert. He called on the vast majority of miners who recognised the reality of the industry's competitive position to stand up against a vocal, militant minority with a death wish to see the industry destroyed.

Mr Peter Heathfield, NUM general secretary, said the corporation should set aside the disciplinary code so the union's objections to it could be discussed in negotiations.

Revised Takeover Code to put onus on directors

By CLAY HARRIS

The Takeover Panel, the self-regulatory monitoring agency for City mergers and acquisitions, will today announce fresh guidelines intended to underline directors' responsibility for the conduct of their companies in bid battles.

The revised wording of the Takeover Code will be announced this morning by Mr Robert Alexander, the barrister who took over as head of the panel last month.

In another move to bolster the panel's authority, Sir Austin Pearce, British Aerospace chairman, was yesterday appointed by Mr Robin Leigh-Pemberton, Governor of the Bank of England, to serve as an independent member, not representing any interest group.

The Bank also said that Imro, the self-regulatory organisation for investment managers, and the Securities Association, the umbrella SRO for the merged Stock Exchange and the Euromarkets body, had agreed to join the panel. Each will appoint its own representative.

Sir Henry Fisher, Imro chairman, has stepped down after six years as chairman of the panel's appeal committee, a position traditionally held by an independent figure, rather than an industry representative.

He will be replaced by Lord Roskill, the retired Appeal Court judge.

According to Mr John Chown, a tax consultant who is one of the nine members of the working party which drew up the proposals: "Until now, the Inland Revenue has always been able to play the divide-and-rule game to justify doing nothing."

In December 1983, the House of Lords acted against the Revenue in a judicial ruling which spared the Marine Midland bank from paying tax on a currency gain from its US dollar assets because they were being held purely as a hedge against losses on a dollar loan.

In January 1985, the Revenue produced a provisional statement of practice which interpreted the court ruling in a narrow way, only exempting

Glaxo buys research facility from US group

By Peter Marsh

GLAXO, the biggest UK drugs company, yesterday signed its determination to move into the emerging market for protein-based pharmaceuticals by buying the Swiss research facilities of Biogen, a US-based biotechnology company.

Glaxo, with profits last year of £610m on sales of £1.4bn, did not disclose the price of the acquisition, which includes Biogen's Geneva research laboratory, the rights to two important new drugs in the development stage and the work of up to 100 scientists in Switzerland.

According to analysts, Glaxo would have paid "at least several million dollars" for the package. It is thought that the agreement might include a royalty deal that the total sum paid to Biogen to up to £50m (£31.3m). Glaxo's share prices closed last night at £171, up 5p.

The two drugs included in the agreement are interleukin-2 and granulocyte macrophage colony stimulating factor (GM-CSF). Both are naturally occurring proteins that Biogen has found it can produce in large quantities using biotechnology techniques.

The medications, likely to come to the market in the 1990s, could be used to treat diseases such as AIDS and certain forms of cancer.

Mr David MacCallum, head of health care research at Glaxo, said the acquisition would be worth a considerable sum of money to Glaxo.

He said sales of either drug, assuming clinical trials proceed smoothly, could be expected to reach \$100m a year in the 1990s.

According to Glaxo, the acquisition was a strategic move. The company could "jump forward" three to four years, the time it would have taken to develop Biogen's own expertise in biotechnology.

Glaxo has about 100 scientists working on biotechnology products in the UK and the US. However, they are some way behind Biogen's work and that of other big pharmaceutical concerns.

Owen calls for multinational Gulf force

By Peter Riddell, Political Editor

RENEWED CALLS have been made at Westminster for a multinational or United Nations force to protect shipping in the Gulf.

Dr David Owen, Social Democratic Party leader, wrote yesterday to the Prime Minister arguing that Britain should offer to make available some of its minesweeping vessels to work under a multinational command in the Gulf.

He wrote: "I would envisage the US navy, the Soviet navy, the French navy, the Kuwaiti and Saudi navies, all contributing to a multinational minesweeping effort."

"With such a minesweeping operation established, it might then be easier for the US to pull out some of its bigger naval vessels and for every one to concentrate on the key question of maintaining freedom of navigation under the umbrella of the UN resolution and in a low-profile, non-provocative way."

The Government said yesterday that it had no intention of increasing the force in the Gulf in any form.

Dr Owen's letter came as the Commons defence committee published a series of memoranda submitted to it before the election.

One from the National Union of Marine, Aviation and Shipping Transports Officers argues that the Government should urgently consult other neutral nations regarding the provision of a pool of international warships.

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Lucy Kellaway looks at plans to link Wytch Farm with Fawley

Sighs of relief from BP—and the squirrels

BP GAINS PERMISSION FOR OIL PIPELINE

BP YESTERDAY received government permission to build an oil pipeline from its Wytch Farm oilfield in Dorset to Southampton Water, writes Lucy Kellaway. The move clears the way for development of the largest onshore oilfield in west Europe. Formal approval for the \$300m development plan, which has been under discussion with local authorities and environmental groups for nearly three years, is expected in the next few days.

The decision follows a public inquiry into the routing of the pipe, which skirts the edge of the New Forest.

BP says the end result will fit in as much as possible with the surroundings of Dorset and Hampshire. It described in numerous brochures by the Wytch Farm partners, the development will include an expansion of the existing oil-gathering site well out of view in the middle of Wytch Heath, and a new site at Furzey Island, which BP bought from Mr Alvy Cluff two years ago for £750,000.

All the pipelines will be buried under ground. A special access road will be built so as not to destroy the existing winding country lanes, while all equipment above ground will have its height controlled and be painted in camouflage colours.

If Satchell and Satchell had advised BP on the unenviable task of persuading Dorset residents that they wanted an important oil development in their rare and beautiful land, they

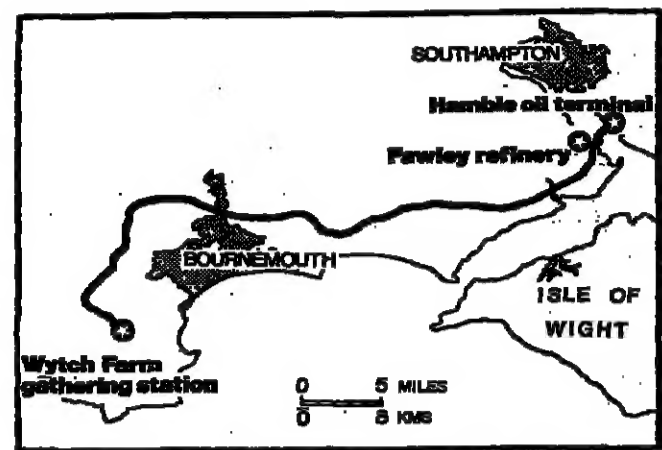
could scarcely have done better. On the wall of his office Mr Mowll has a large colour photograph of the existing Wytch Farm gathering station buried in forest with green countryside stretching beyond. He says: "We like to think of this as a landscape on loan."

The smaller partners in the scheme can perhaps afford a little more irreverence. Mr Roland Shaw, the outspoken

approval had been received. The plan will increase production at the field from its current level of 6,000 barrels a day to 60,000 barrels by the end of 1988, BP said. 1,400 jobs would be created locally during the development stage, falling to 400 jobs once the field enters full production.

The New Forest Consultative Panel expressed disappointment at the decision yesterday, saying that although the pipeline would not do much damage to the forest itself, "the decision makes the forest more vulnerable to oil exploration."

BP said it was delighted at the decision and that work would start on developing the field as soon as formal



could scarcely have done better. On the wall of his office Mr Mowll has a large colour photograph of the existing Wytch Farm gathering station buried in forest with green countryside stretching beyond. He says: "We like to think of this as a landscape on loan."

The smaller partners in the scheme can perhaps afford a little more irreverence. Mr Roland Shaw, the outspoken

approval had been received. The plan will increase production at the field from its current level of 6,000 barrels a day to 60,000 barrels by the end of 1988, BP said. 1,400 jobs would be created locally during the development stage, falling to 400 jobs once the field enters full production.

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Permanent world-wide gag on Wright sought

By CHRIS SHERWELL IN SYDNEY

THE BRITISH Government wants a permanent worldwide gag on Mr Peter Wright, the former MI6 officer, to prevent him from talking publicly about his memoirs, documents submitted to New South Wales Court of Appeal show.

The documents summarise the UK position in its attempt to overturn the state supreme court's decision last March to refuse an injunction preventing Heinemann from publishing Mr Wright's book.

The appeal is being heard this week, but since the March decision the book has been published in the US and extracts have appeared in Britain. Those moves have complicated the British legal task.

In exchanges yesterday Mr Justice Michael McHugh, one of the three judges hearing the appeal, asked persistently whether publication of the book in the US meant the damage Britain was concerned about had not already been done.

Mr Theo Simos, QC, for the British Government, said damage was done but repeatedly emphasised the importance of stopping further disclosure, to

prevent the breach of obligations by a secret service agent being compounded or aggravated.

He said others who might leak information had to be discouraged and the secret service had to demonstrate to other agencies that co-operation with it was not a one-way street.

According to documents submitted to the court, the British Government wants an injunction to restrain Mr Wright "from doing any act which would or could or might cause

or result in any publication or further publication of any material" he obtained while with MI6.

That material is split out to include "the publication or further publication of the Wright manuscript anywhere in the world, the advertisement or promotion of the book anywhere as published in the US or anywhere else in the world, or the Wright manuscript or any part or parts thereof or any information or matter contained therein, by means of lectures, lecture tours, radio, television or other media interviews or otherwise howsoever."

The hearing continues today.

Law Lord calls claim a fetter on press freedom

FINANCIAL TIMES REPORTER

THE GOVERNMENT'S claim for injunctions stopping newspapers publishing information from Mr Peter Wright, the former MI6 officer, was described by a senior Law Lord yesterday as "a pretty startling letter on the freedom of the press."

Lord Bridge asked: "Is it seriously contemplated a permanent fetter on discussion in the English press when the allegations are available for discussion worldwide?"

The Law Lords were hearing an appeal by Sir Patrick Mayhew, QC, Attorney General, and three newspapers—The Guardian, Observer and Sunday Times—against a week's Court Appeal decision to maintain a limited injunction on the newspapers. The Attorney General wants the initial

blanket injunction restored to full full of his action. The newspapers want the order cancelled.

Mr John Munnery, Treasury Counsel, for the Government, replied: "This was an exceptional case and the first time anyone had succeeded in breaching the highest secrecy by the backdoor route of publishing in America."

The Law Lords questioned whether the Government would continue its protest in Britain if the Australian courts allowed

Spycatcher to be published here. Mr Munnery said the position was protected in Australia until final decision.

He said: "I would draw the important distinction between publication in Australia, after the legal rights and wrongs had been fully dealt with in the courts, and publication in America, where there has never been any opportunity to have the matter determined in court."

The hearing continues today.

Satellite TV project's forecasts challenged

By RAYMOND SNOODY

BRITISH SATELLITE Broadcasting, a joint venture between the BBC and the British Satellite Broadcasting Corporation, has had its forecasts for the launch of a new satellite television service challenged by a leading consultancy suggested yesterday.

CIT Research forecast that by the fifth year of the project BSB would have 150,000 subscribers compared with estimates of 6m in its business plan.

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Tiphook to boost trailer fleet in £50m expansion

By KEVIN BROWN, TRANSPORT CORRESPONDENT

TIPHOOK, a fast-growing container, trailer and rail wagon leasing company, yesterday announced plans to spend £50m on 3,000 trailers for delivery over the next nine months.

The order will boost Tiphook's trailer fleet to around 7,500 and consolidate its position as the third largest trailer lessor in the European Community, behind TTP and Transcon.

In the UK, which accounts for just over half the estimated 40,000 trailers, Tiphook will move into second place behind TTP, and ahead of Transcon.

Tiphook announced a £36m one-for-two rights issue this month, on the back of a 68 per cent increase in pre-tax profits to £5.6m, and plans to spend a further £50m this year on new containers and rail wagons.

Mr Robert Montague, chairman, said the increase in the trailer fleet would allow Tip-

hook's Central Trailer Leasing subsidiary to take advantage of the "dramatic expansion" of demand throughout Europe.

The trailer rental industry has grown rapidly in the UK since first-year capital allowances were abolished in 1984. Budget, making purchases of assets less attractive to operators.

Growth has been less rapid in the rest of the Community where the concept of trailer hire has not yet taken root. There are believed to be nearly 1m trailers in use, under 5 per cent of these rented.

Tiphook has established itself in several leading European Community markets including France, Spain and West Germany. The company's rapid growth has been well received by the City since its flotation two years ago, and analysts are forecasting pre-tax profits of around £8m this year.

Western takes over Asda arm

By John Griffiths

DRIVE TECHNICAL Centres, the servicing arm of Asda-MFT's AsdaDrive car sales venture shut down in May after less than a year, has been taken over by the Western Motor Holdings group.

Western, itself the subject of a consortium-backed management buy-in in April, plans to expand DTC into a chain of seven-day-a-week, late-night car servicing centres.

In what amounts to an important innovation by the Royal Automobile Club, in conjunction with DTC, it is intended to use the centres partly as "fast appraisal" used-car assessment centres.

Potential buyers of used cars will be able to take cars intended for purchase for an immediate RAC inspection and assessment of faults. Both the AA and RAC provide inspection services already, but they have had to be individually arranged and have usually involved engineers travelling to individual premises.

DTC is also negotiating to take over some of the car sales franchises formerly held under the AsdaDrive banner.

The DTC centres, although integral to the AsdaDrive venture, were separately owned by Mr Graeme Millar and Mr John Klayman.

Asda-MFT had no equity or management control in DTC, which had continued to trade as AsdaDrive less than a month after it announced that it was expanding the number of outlets from seven to 29.

Mr Klayman has now left the business and Mr Millar has sold a 75.1 per cent stake in DTC to Western. He remains as chief executive and gains a seat on the Western Board.

Used car sales record forecast

By John Griffiths

RECORD USED car sales of more than 8m units are forecast this year by Glass's Guide, the trade monitoring organisation.

However, the guide, in its August editorial, says some 3m of those will be made privately, representing substantial lost opportunities to the retail motor trade.

Glass's says the trade itself will handle about 2.2m used car sales, worth about £2bn. This would represent a 10 per cent increase on 1986, although the editorial acknowledges that precise statistics are unavailable.

It expects a further used car sales record to be set next year, despite a predicted dip in the new car market from what Glass's expects to be a record 1.9m units this year.

Charity call on debt relief

By HUGO DIXON

WAR ON WANT, the charity that channels aid to the third world, said yesterday the Government should not give tax relief to banks that make provisions for third world debts. Instead, it should use the cash to provide debt relief.

The Inland Revenue is expected to allow the big clearing

banks nearly £1bn in tax relief over the next few years as a result of recent provisions.

WOW says the government should use that money to buy £1.0bn in loans off the banks, paying half their face value. It should then either cancel the debts completely or reschedule them on very favourable terms.

SIEMENS, the West German electrical and electronic group, rarely makes headlines. It is the biggest company in Europe in its sector, and the fourth largest group of its kind in the world, but it is probably less well-known than Olivetti, the Italian electronics concern which is only one-seventh of its size. It moves quietly, eschewing the grand strategic declaration or the dramatic takeover.

Yet in its own subdued way, Siemens has been changing rapidly in recent years, evolving away from its base in conventional electrical equipment. Under Dr Karlheinz Kaske, a physicist who moved into the chief executive's slot six years ago, it has shifted resources increasingly into research and development.

It has launched an international project with Philips of the Netherlands to develop a new generation of microchips which is aimed at catching up with the Japanese, and it has moved resources into systems products—factory automation, vehicle and medical electronics—that will use these chips. In the US, the biggest market in the world for its type of products, it has steadily expanded its operations to become a \$2.6bn-a-year corporation staffed almost exclusively by Americans.

These are all ambitious moves, aimed at turning Siemens unequivocally into an electronics-based company. It would like to increase its electronics-type activities from about a half of its business to around two-thirds by the end of this century.

Yet these changes are also quite risky. At the centre of the re-balancing of the company lies an organisational concept that requires a much stronger semiconductor activity and a greatly-improved ability to integrate these components into the process of producing specialised finished goods.

"Siemens' principal strategy is to focus on micro-electronics and software," says George Verghese, an analyst at Deutsche Bank. "These are the foundations for growth in the electronics industry as the most sophisticated equipment incorporates advanced components and data processing systems."

The risk element in this policy lies in the heavy cost of becoming a significant player in the world semiconductor industry. This is a business characterised by insatiable investment demands and volatile profits. It is dominated by large Japanese and American companies capable of supplying virtually every conceivable kind of chip. So why take the chance of try-

Siemens

Terry Dodsworth explains why the W German group is willing to pay heavily to become a significant player in semiconductors

ing to compete in a significant way?

Because, says Siemens, there are advantages in vertical integration as a means of producing complex components which clearly differentiate the company from its competitors.

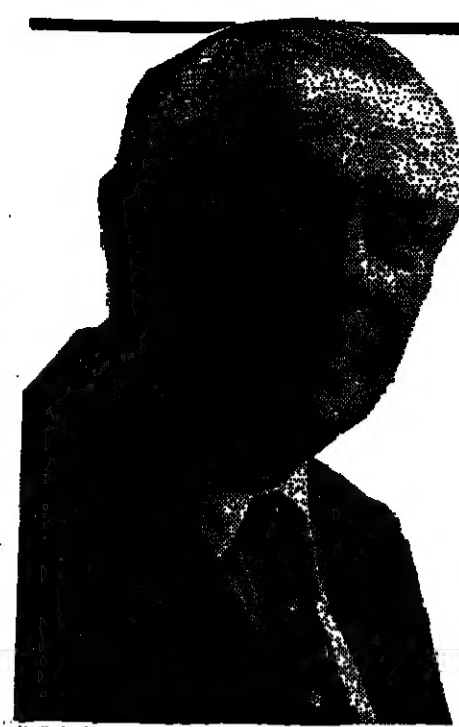
Takes the automotive sector, for example. Here is a market where Siemens believes there is scope for explosive expansion over the next few years. Worldwide demand for vehicle electronics, it says, will grow from \$1.2bn last year to \$16bn in 1995.

This development should be tailor-made for a group like Siemens, because some of the fastest growth could be among companies on its own doorstep: in luxury executive cars, West Germany's speciality, the electronic content is expected to grow particularly rapidly—from 4.5 per cent on average at the moment (a Mercedes has about 7 per cent), to 15 per cent by 1995.

With these kinds of reward at stake, car electronics can be expected to become increasingly competitive and demanding. This means that the devices being made for the industry—Siemens is aiming particularly at the high-value engine management sector—will rapidly become smaller, more complex and more difficult to design and build.

On the semiconductor side, a necessary condition to play in the game will be submicron technology—the ability to make chips on which the surface etchings which make the circuits are one micron or less—or one thousandth of a millimetre—in width.

Only with this technology can semiconductors become small enough and fast enough to perform some of the functions required. At the



Karlheinz Kaske

same time, Siemens will need a mix of product types in the new systems, bringing together the more traditional bi-polar devices with the developing CMOS technology, a type of semiconductor which uses less power and generates much less heat.

"When we come to design a system which combines anti-skid and safe steering devices, we shall almost certainly require submicron technology," says Dr Hermann Franz, group head of the microelectronics division. For the second generation of public telephone integrated data switches, capable of handling a large volume of different kinds of voice and data messages, Siemens will need the techniques of integration now being developed through the collaborative megaproject with Philips for 4 megabit chips—semiconductors capable of storing 4m pieces of information.

Ever since the megaproject was launched, however, Siemens's critics have been asking whether it can make the strategy work. The cost of catching up has already been

unexpected hiccup—the decision to seek help from Japan and license technology for a one megabit memory chip. Dr Franz concedes that the company may still be up to two years behind the Japanese in manufacturing know-how. "The Japanese are still the masters," he says, although he insists that the group is on target to complete its 4 megabit project by 1990.

With these sorts of technologies available in-house, Siemens is much more confident that it will be able to keep up in the race against the Japanese and American systems companies. Knowing what is available and possible in semiconductor technology, it says, may mean lead times of several months in developing new products.

Among other issues are: ● **Funding:** The size of the project makes it a strain even for a company with the strength of Siemens's balance sheet. Franz says that the total megaproject programme, including new plant, research and development, and employment, will cost 10 times the DM 240m (£81.6m) the West German

Government gave the group in aid. Japanese groups, he claims, have received much more public assistance in the development of their microelectronics industries through the MITI Very Large Scale Integration programme.

While there have been some suggestions that these costs may force Siemens to change direction, Hermann Franz, who heads the automotive electronics division (he is no relation to Dr Franz), argues that these costs have to be borne and that it is natural for the cash generating parts of the business to support development in new areas.

"One example of this is data systems, where we started in 1957," he says. "It cost us a great deal of money and we had many discussions about whether we could bear the load. But now we are getting money out of this business to put into other areas like car electronics."

● **Size:** Anxieties over the cash drain have led to strong speculation recently that Siemens may seek to reduce its exposure in microchips by closer links with other companies. Technology

alliances are common in the semiconductor industry to help spread the cost of developing new products, and Siemens has some itself. But might Siemens be considering something more radical?

Dr Franz concedes that the company is constantly asking itself whether it has achieved an optimal size, particularly in the wake of the recent merger between SGS of Italy and Thomson Semiconductors of France. Siemens's sales amounted to around \$60m last year, against SGS-Thomson's \$760m, and Dr Franz admits that mergers are "a logical way" to go.

But although it receives frequent approaches, the company has nothing under serious discussion at the moment, he says, and links with other companies will be confined for the time being to closer technological collaboration, as in the Philips deal.

● **Marketing:** The size issue points to another conundrum. To make best economic use of its fabrication facilities, Siemens will have to sell more semiconductors outside the group as it expands. This is a different business from the

world of electrical and telecommunications contracting with which it is most familiar, and in which supplier companies have almost unbroken links with their clients. Some analysts argue that it lacks the managerial skills to make the transition to this highly competitive, open-market environment.

So far, indeed, it is impossible to say whether Siemens's gamble is coming off. Financially, semiconductor manufacturing has proved an exceptional headache over the past two years for virtually every company in the business because of the slowdown in demand.

The West German company has proved no exception to this rule. And Dr Franz adds that the semiconductor division is still below its target of supplying 50 per cent of Siemens's in-house needs, partly because the group requires a high variety of products, and partly because the user divisions need to develop new applications.

The aim, however, will be to make this approach work by concentrating on specialised areas for which specific chips can be designed. In the automotive division, for example, Hermann Franz speaks with enthusiasm about the technology which is already being developed through custom-designed semi-conductors and other products which are grouped together for motor car applications.

The division is already achieving a growth rate of more than 20 per cent a year, he says, and he speaks with equanimity about the long period over which car electronics will absorb cash—he is planning investment of DM 300m—from the rest of the group.

"In such activities as this, you must be prepared to put money in for 10 years to get into the position of being number two in the world," he says.

But is it necessary to run the additional risk of volume chip manufacturing to develop another cash-hungry business like auto electronics as well? Hermann Franz argues emphatically that it is. The differentiating factor in his division, he contends, lies in its unique semiconductors, and these are special because the know-how in them flows from both the components group and the automotive division.

"If there is closer co-operation between us, the integration works because our people speak the same language. There is a much more direct relationship between us than with other companies," he says.

Management Abstracts

A prototype expert system for industrial truck type selection. C. J. Malmberg and others in *Industrial Engineering* (US), Mar 87 (84 pages).

Discusses how an expert system may be developed to identify a set of feasible industrial truck types which would be applicable to specific material handling situations; indicates the principal elements of the knowledge bases in terms of truck type characteristics and application area requirements; outlines the definition of rules for relating truck types to handling problems and how to establish a protocol for applying them.

Knowing when to pull the plug on projects. B. M. Shaw and J. Ross in *Harvard Business Review* (US), March/April 87 (7 pages).

Considers reasons why major projects are allowed to continue despite evidence that they should be stopped, citing a tunnel project in Chicago as one where all parties have been dragged in too deep to get out; discusses psychological motivations for persisting as well as social reasons (no one likes to admit to an error) and organisational aspects; outlines how executives can prevent over-commitment by recognising their own propensity to allow trouble to escalate; looks at how the organisation can change to limit potential damage, eg by replacing those associated with the project.

Job classification for knowledge workers. B. R. Helton in *Industrial Management* (US), Jan/Feb 87 (34 pages).

As white-collar work is becoming more knowledge-intensive, advocates the use of work classification in planning white-collar work improvement; uses four criteria to classify work requirements: work range (the scope of the work); work structure (how changeable are work goals); control (how much discretion is involved); cognitive effort. Compares work classification and job description approaches and points out that white-collar work time is rarely based on the job description; provides an example to illustrate the concept at the Arabian American Oil Company in Saudi Arabia.

These abstracts are condensed from the abstracting journals published by *Amhar Management Publications*. Licensed copies of the original articles may be obtained at a cost of \$4 each (including VAT and p & p, cash with order) from *Amhar*, PO Box 23, Wembley HA9 6DJ.

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Applications in writing with a full resume should be sent to:

Roy Skinner, Director

- SMI Computer Recruitment

Senior Management International

Executive Search Consultants



Landseer House
19, Charing Cross Road
LONDON WC2H 0ES

Marketing Opportunity

FinansSkandic is the leasing subsidiary of Skandinaviska Enskilda Banken, Scandinavia's largest banking institution. With a network of operations throughout the world, FinansSkandic(UK) was established a year ago to further extend the FinansSkandic Group's international network and bring to the UK market unique expertise.

We are now looking for a Marketing Officer aged around 30 to join our team based in Richmond, Surrey to assist in developing our indigenous, and Scandinavian-related, UK business, and research and develop new products, related to asset based finance.

In-depth knowledge of asset-based finance is not essential, but candidates must have previous experience in marketing and selling financial services products and developing and maintaining client relationships. Some understanding of and/or exposure to Scandinavian business practice, is also an advantage.

The role is a demanding and challenging one and presents a first class opportunity to develop an understanding of the UK leasing market and contribute to the successful growth and development of a new business venture. International Business will also be developed in conjunction with the FinansSkandic International network.

A competitive package is offered including performance-related bonus, non-contributory pension, company car and subsidised mortgage. Applicants should forward a full C.V. detailing age, current salary and full career history to: Bjorn Osterlund or Staffan Tyus, FinansSkandic (UK), 2 Spring Terrace, Paradise Road, Richmond, Surrey. Tel: 01-940 7144.



FinansSkandic (U.K.)

We are currently recruiting experienced traders and marketing executives for two premier banks in the City in the following areas—

Senior Dealers: Foreign Exchange and Deposit
Deposits and Money Markets

Foreign Exchange Spot Major Currencies

Traders: Short Swaps (Futures and FRA's)

Currency Swaps (£ domestic market)

OTC Options/Futures

BOND SALES

MARKETING EXECUTIVES

Manager Trade Finance

Marketing Support Officer

Marketing Executive—Capital Markets

Fluent in Spanish or Portuguese

Marketing Executive—Scandinavian Group

Account Officer—Credit Administration

Assistant Manager Marketing—Trade Finance

PLEASE CONTACT SHEILA JONES

ON 01-588 3971

OLD BROAD STREET

BUREAU LIMITED

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LIFFE and International Futures Products

SALES DIRECTOR

You're a high flyer, used to achieving in global markets. CitiFutures, a subsidiary of Citicorp's U.K. Investment Bank, operates through Futures exchanges in all the major financial centres and as such is one of the few Futures Houses to be able to claim that it has a global coverage.

We now seek an energetic leader for our sales activity, not necessarily from an identical market, but with good experience within a global market-making institution either in sales or possibly as an experienced trader.

Your responsibility will be twofold; the sales of LIFFE products to both domestic and international customers, and the European sales of Futures products

from the global operations of CitiFutures. We will expect the strategic approach necessary to establish target markets, devise promotional and pricing policies in addition to the enthusiasm, commitment and skill necessary to develop sales personnel to their full potential.

There is considerable flexibility in terms of salary and package for the successful candidate, and we do not anticipate a problem in meeting any reasonable expectation. To discuss this opportunity in confidence please call Patty Liedberg on 01-438 1891. Alternatively, please send her your full CV at Citicorp Investment Bank Limited, PO Box 242, 335 Strand, London WC2R 1LS. We are an equal opportunity employer.

CITICORP GLOBAL INVESTMENT BANKING

A Citicorp Company

Corporate Finance

The continued development of our Corporate Finance team has generated two senior level opportunities for talented origination specialists in our London office.

The responsibilities focus on sourcing and structuring complex financial deals and helping us develop new corporate finance products. An accomplished corporate banker, you are likely to be of graduate level and you will already have significant experience in areas such as mergers and acquisitions, management and leveraged

buyouts, venture and development capital funds, mezzanine finance and/or equity related instruments. Of course, you should also be fully conversant with pricing, risk analysis and all aspects of corporate account management.

Very likely you are already performing a similar role with a commercial or merchant bank, but as a senior manager with TD Bank you'll have our best resources (and our Aaa rating) to back you up. Your territory will be broad - we already have a well established corporate client base throughout the UK and across Europe. We're looking to expand it, with your help.

Your contribution to our fast developing Corporate Finance team will be recognised and well rewarded. As you would expect from a successful international bank we offer a fully competitive salary, matched to your experience, and a comprehensive range of benefits.

Please forward your c.v. in complete confidence to J. W. Green, Manager Human Resources, Toronto Dominion Bank, Triton Court, 14/18 Finsbury Square, London EC2A 1DB.

TD TORONTO DOMINION BANK
The bank where people make the difference

The Toronto-Dominion Bank is one of the larger Canadian Banks with nearly 1,000 branches and assets in excess of Cdn\$50 billion. Our operations in London have been established for over 75 years.

PACIFIC BASIN ANALYST/FUND MANAGER

£15,000 +

Our client, one of the largest International Insurance houses seeks an additional member to join their Pacific Basin team.

We invite approaches from candidates aged between 23 and 28 with good knowledge of the Pacific Basin markets and a minimum of 2 years relevant experience.

This position will initially involve analysis of the regional markets, specialising in Japan and assisting the Fund Manager with the day to day running of various Unit Trusts, Life and Pension Funds.

For a confidential discussion please contact Philippa Foy at 20 Connaught Lane, London, EC4A 3TE. Telephone 239-7307.

STEPHENS ASSOCIATES
SEARCH & SELECTION IN SECURITIES & INVESTMENTS

Chief Executive UK Banking

Cardiff based Bank of Wales PLC became a member of Bank of Scotland Group in 1986.

Due to the forthcoming retirement of the present Chief Executive an outstanding opportunity presents itself for an ambitious, experienced Banker to participate in the further development of the Bank of Wales Group.

It is intended that Bank of Wales will create for itself a reputation as a dynamic regionally based, publicly listed UK Bank.

The appointed candidate, who will probably be in the 45-55 age bracket, will have wide corporate and general banking experience and will be expected to lead and direct this young Bank and an enthusiastic Management team into a new period of growth. A sound knowledge of commercial and property lending, corporate advisory services, asset backed financing and high net worth personal banking is essential.

The remuneration package offered will be commensurate with the qualities demanded.

Please reply in confidence, with full CV to:—
Mr A. J. R. Thomson,

Divisional General Manager (Personnel),
Bank of Scotland, PO Box No 133, 62 George Street, Edinburgh EH2 2RA, marking the envelope 'Bank of Wales'.

The LEK Partnership

The LEK Partnership is a leading firm of strategy consultants with offices in London, Boston, Los Angeles and Sydney. The firm was founded in 1983 in the UK and has grown rapidly to become one of the leading strategy consulting firms in Britain.

We work primarily for Chairmen, CEOs and Boards of Directors on issues of competitive strategy. Our clients are all major corporations in their own right, including household names in the field of financial services, natural resources, consumer products, and high technology.

In order to sustain growth and to meet the demand for our services we have a need for a number of highly motivated individuals who can demonstrate a record of achievement and leadership in their current positions. Such individuals will be in their late 20's or 30's, will probably, though not necessarily, hold an MBA or equivalent from a leading U.S. or European business school and have significant business experience.

Successful candidates will have the intellectual calibre to develop strategies in complex industries and the personal stature to present these strategies to senior executives. Initiative and leadership potential are essential and candidates must be prepared to commit to the continued development of a top quality firm.

Compensation will reflect the quality and experience of the individuals as well as the demanding nature of the job. For further details please contact:

Sarah Murray
Recruitment Co-ordinator
THE LEK PARTNERSHIP
The Adelphi Building, 1-11 John Adam Street, London WC2N 6BW

Sales Executive European Equities

As the result of expansion, we wish to recruit a Sales Executive aged 22/26 to join our successful team marketing Continental European stocks to institutional clients.

Applicants should have at least 2 years experience of equity sales or research, ideally with some exposure to Europe.

We offer an attractive salary and benefit package. Career prospects within this and other areas of the Group are excellent.

Please write enclosing a full C.V. to:
Gareth Hughes, Personnel Department,
Kleinwort Benson Group,
P.O. Box 191, 10 Fenchurch Street, London EC3M 3LB.

Kleinwort Grieveson Securities

BARFIELD BANK & TRUST

Shareholders: Barings Brothers & Co. Limited, The Bank of N. T. Butterfield & Son Limited

Trust Manager/Chief Executive Isle of Man

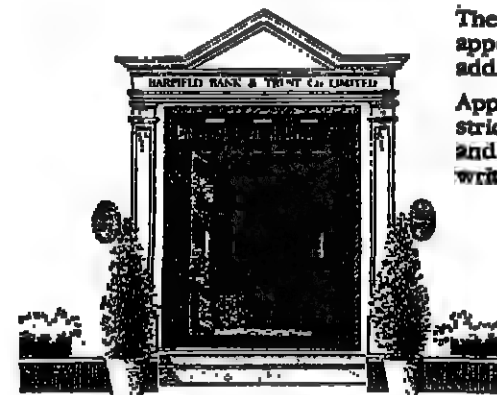
Barfield Bank & Trust Co. Limited is opening a Subsidiary Trust Company in the Isle of Man, and wishes to recruit a Trust Manager who will also be the Chief Executive.

The appointment calls for a relevant professional qualification and considerable practical experience in international trust, pension fund, corporate secretarial and related investment management activities. This is an opportunity for a self-motivated individual looking for considerable job satisfaction in a progressive situation.

The successful candidate will be a mature individual with a proven record of achievement, and will be currently earning in excess of £20,000.

Barfield, which is jointly owned by Barings and the Bank of N. T. Butterfield, is a rapidly expanding company providing banking and other financial services, trust and investment management, and corporate and related management services.

The salary is negotiable, and the appointment will carry a company car in addition to the usual banking benefits. Applications, which will be treated in strictest confidence, should be in writing and include a full curriculum vitae. Please write to:



J.G.J. Evett
Managing Director
Barfield Bank & Trust Co. Limited,
P.O. Box 71,
Barfield House,
St. Julian's Avenue,
St. Peter Port,
Guernsey, G.I.

US TREASURY/MORTGAGE SALES EXECUTIVES

A leading US investment house expanding its fixed income presence in London is seeking sales executives with expertise in US Treasury and mortgaged backed securities. A highly competitive performance related package is envisaged for the successful applicants

Please respond to:
Box A0618, Financial Times
10 Cannon Street, London EC4P 4BY

Jonathan Wren MANAGER - CURRENCY PORTFOLIO £ Excellent plus benefits

Due to the recent expansion of its portfolio services our client, a major British bank, now seeks an experienced manager to run and control its multi-currency cash book.

The successful applicant, aged 25 to 40 years, will come from a financial institution or an international corporation and will possess a proven track record in managing currency exposure for corporates and private individuals, predominantly non-UK residents. Additional requisites for this high profile role include a thorough knowledge and understanding of financial markets, leadership qualities and a diplomatic personality.

Contact Richard Meredith or Norma Given.

LONDON BRUSSELS HONG KONG SINGAPORE SYDNEY

Jonathan Wren
Recruitment Consultants
No.1 New Street, (off Bishopsgate), London EC2M 4TP.
Telephone: 01-623 1266. Fax: 01-626 5258.

Tiphook

RPG II ANALYST PROGRAMMER

Based in North Kent within minutes of the M25, Central Trailer Rentals, part of the Tiphook PLC Group of Companies, currently has a vacancy for an experienced RPG II Programmer Analyst to continue to develop and maintain their applications software.

As part of the company's planned growth, IBM System 36 are currently being installed in many major European cities. Therefore, a good deal of travel is envisaged.

If you have experience in one or more of the following, this could be your next career move.

- Interactive RPG II programming—3+ years
- Systems Analysis and design—1+ year
- APC Communications
- Commercial and/or financial software development

For further details write to, or telephone:
Mrs Jennifer Bowden
Central Trailer Rental Company Limited
26 Market Square
Bromley

Telephone No 01-469 6660
Or join us for an informal chat over a glass of wine at our open evening on Monday, 27th July.
(Please telephone first to reserve your place)

Central Trailer Rentals

Equity Sales opportunities in our new dealing facility

Grenfell & Colegrave Limited has recently changed its name to CIBC Securities Europe Limited and moved into a new, enlarged Trading Room in the Cottons Building on the South side of the Thames at London Bridge. CIBC are fully committed to becoming a major player in the equity markets of both Canada and the UK. Now, as a result of this expansion, we have created the following vacancies for high calibre staff:



**CANADIAN IMPERIAL
BANK OF COMMERCE**

UK Equity Specialists

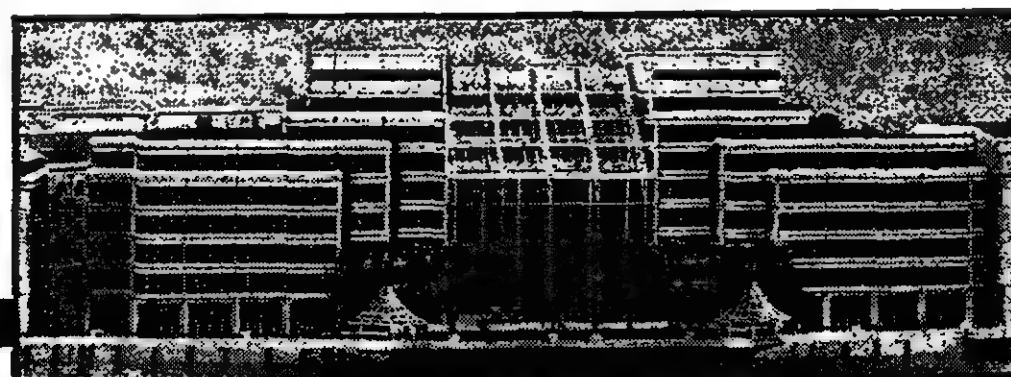
With a good knowledge of the UK equity markets, and two years' relevant stockbroking experience, you will be selling to institutions in both Canada and the UK.

Canadian Equity Specialists

Involved in selling within the UK, you should possess a thorough knowledge of the Canadian equity markets, as well as two years' relevant stockbroking experience.

If you have the requisite skill and expertise in these areas, and are willing to make a full commitment to our growth and success, you will be extremely well rewarded with a competitive salary and benefits package. Opportunities for career progression are excellent.

Please write immediately enclosing your CV to John Hardisty, Manager Human Resources, or to David Fitzsimon, Managing Director, CIBC Securities Europe Limited, Cottons Centre, Cottons Lane, London SE1 2QL. Tel. 01-628 9858.



CIBC SECURITIES EUROPE LIMITED,

A wholly owned subsidiary of **CANADIAN IMPERIAL BANK OF COMMERCE**

INVESTMENT SERVICES MANAGER

Continuing our commitment to investment excellence, Abbey Life Group Plc, is seeking to appoint an Investment Manager within its Financial Centre.

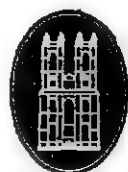
The job is to manage and develop the Group's range of portfolio and investment advisory services.

This is a new appointment in a rapidly expanding area of the Company and will provide challenge and growth for the

successful candidate. Ideally the candidate should have a minimum of 5 years experience in the management of client portfolios and the provision of investment advice. You will also need to be a highly competent manager with well above average communication and presentation skills.

A competitive salary will reflect your experience and is backed up by a generous range of benefits including mortgage subsidy and full relocation assistance to one of the U.K.'s most attractive locations.

Please send a comprehensive C.V. to Ann Matthews, Senior Personnel Officer, Abbey Life Assurance Co. Limited, Abbey Life House, 80 Holdenhurst Road, Bournemouth BH8 6AL.



Abbey Life

Group Treasurer

South East London

c£30K + BMW

Our client is a young, dynamic service sector Plc with an impressive growth record; at £40m turnover has increased by 300% in the last two years. The company operates internationally and future expansion will be by continued organic growth and acquisition within the UK and overseas.

This growth has led to a new appointment of a Group Treasurer who will be responsible for the development and management of the Treasury function. This highly commercial role involving all aspects of company cash management and funding, will have a significant impact on the company's continued

success and profitability.

The appropriate candidate will probably be aged 30-40 with a financial institution background or experience in a senior treasury role. A relevant qualification would be advantageous, but is less important than maturity, enthusiasm and a willingness to respond to rapid change and a dynamic environment.

If you are the right individual for this demanding role please submit your CV to Wayne Thomas, Michael Page Executive Division, Cynet House, 45-47 High Street, Leatherhead KT22 8AG or telephone him on (0372) 375661.



Michael Page Partnership

International Recruitment Consultants

London Bristol Windsor St Albans Leatherhead Birmingham Nottingham Manchester Leeds Glasgow & Worldwide

A member of Addison Consultancy Group PLC



**SAUDI CONSOLIDATED ELECTRICITY COMPANY
IN THE WESTERN REGION**

Requires the services of

PROTECTION ENGINEERS

with the following qualifications and experience

- 1- BS, EE, 8-15 years experience in power system protection, preferably in electric utility, or protection scheme design and manufacturer companies.

- 2- Should be familiar with solid state and computerised protection scheme practices on system from 110kV to 400kV.

- 3- Should be familiar with protection setting calculations, system short circuit analysis, fault analysis, and analysis of protection performance.

Salaries and fringe benefits shall be decided after the interview. Suitable candidates should send their C.V.'s before 30-8-1987 along with copies of educational and experience certificates to:

(E.W.R.) Personnel Department
Recruitment Section
P.O. Box 9299, Jeddah 21413, Saudi Arabia.

Mellon-Pictet International Management Ltd

is a rapidly-growing international investment management company based in the City.

WE SEEK A

PORTFOLIO MANAGER

to join our small, decisive team, assuming responsibility for investments in the U.S. stock market. Initially, this manager will take charge of a sophisticated, computer-based screening/stock selection process with a proven record of superior performance, using it to manage a significant amount of U.S. assets. Over time the manager will be expected to contribute to the evolution and improvement of this process and, possibly, to its adaptation to other markets. The post requires a high level of familiarity with quantitative, computer-based screening and portfolio management techniques as well as practical experience investing in the U.S. stock market.

This is an open-ended career opportunity for a well-qualified, quantitatively-orientated professional who would enjoy working in a small, high-calibre investment team. Remuneration is to City standards.

Please send your curriculum vitae and a brief letter explaining the reasons for your interest to:

Mrs. H. Clarke
MELLON-PICTET INTERNATIONAL MANAGEMENT LTD
Cutlers Gardens, 5 Devonshire Square
London EC2M 4LD

SENIOR DEALER STOCKBROKING

London

£25,000 neg.

Within the next few months a new Stockbroking firm will begin to trade as a Member of The Stock Exchange. It will have behind it the resources of one of the City's largest Financial Institutions with an existing client base.

We are now looking for a Senior Dealer to join the new venture at its launch, offering exciting career opportunities.

An 'Approved Person' of The Stock Exchange, you will have a minimum of 5 years' dealing experience. You must, of course, have post 'Big Bang' experience and be fully conversant with present dealing systems. In addition, you should be a highly motivated achiever with a proven record in the control and management of a 'Dealing Team'.

If you would like to join us in this new venture and take advantage of the future opportunities write now with your full Curriculum Vitae, quoting reference PP045, to:

The People Partnership

Mr. David Springhall,
The People Partnership,
Freepost MK 6387 (no stamp required),
Manchester M2 8BA. Telephone: 061-633 0042



SAUDI ARABIA

Our client, a leading financial institution in the Middle East, is currently seeking first class individuals to be based in the Eastern Province to have prime responsibility for the following areas:

Capital Markets: Portfolio Manager

An exciting opportunity exists for an individual with a successful track record in actively managing a significant volume of marketable investment assets (multicurrency fixed income and equities) for a major institution or fund. Having experience in managing both long and short horizon portfolios, he should also have a thorough understanding and anticipation of trends in currencies and interest rates as well as a sound knowledge of major stock markets.

The management of their substantial portfolios is considered a core business to the client and they are therefore prepared to reward the successful candidate accordingly.

Head of Trade Finance

The continued development of our client's activities centred around the major industries of the Middle East, has led to the requirement to set up a new product line in Trade Finance.

The successful candidate will have:

- * sound practical, technical and legal knowledge of L/C and Bills operations;
- * a thorough knowledge of the trade of oil, gas and their products;
- * a wide exposure to major trading companies; and
- * a successful technical and marketing track record,

and will be responsible for:

- * devising operating procedures;
- * providing technical expertise to lending officers;
- * marketing the trade finance product; and
- * building up the team of specialists required.

These are challenging appointments requiring strong management abilities and progressive ideas in a competitive environment. There are highly attractive tax free salaries offered, substantiated by a comprehensive marital status expatriate benefits package. Interested applicants should contact Warwick Holland on 01-831 0431, or write enclosing a comprehensive CV to Michael Page International, 39-41 Parker Street, London, WC2B 5LH.

Michael Page International
Specialists in Finance Recruitment
London Amsterdam Brussels New York Paris Sydney

Investing in London

Greater London Enterprise is a public sector investment agency which uses a combination of public and private sector finance to achieve commercial success within a framework of social objectives. We are about to embark on a programme of new venture capital investment involving a high proportion of private sector funds. These new ventures present an opportunity to be involved at the start of the process and to gain the career rewards of its success.

Portfolio Management & Investment Appraisal

Starting salary around £25,000 plus car

- 1) We need high calibre staff capable of fulfilling two important functions: making a management contribution to the wide range of companies in which we invest, assisting them to realise agreed business plans
 - 2) seeking out and appraising new investment opportunities
- You may have developed your management skills, which should include sales and marketing ability, through a blend of the following:
- a finance or business qualification
 - significant experience of appraisal, structuring and negotiation of new investment
 - line management in industry
- These jobs will be of interest to people who have achieved early success in a business career and are looking for fast track progression.

Project Executives

Starting salary up to £20,000

You should have the ability and commitment to provide direct support to investee businesses, assist them in achieving their objectives and co-ordinate for them a wide range of commercial and social initiatives. An interest in or experience of co-operatives or other forms of social ownership would be an advantage for at least one position. You should have at least three years experience where you have effectively contributed to company success and now wish to take on more responsibility.

Company Secretarial Assistant

Starting salary up to £16,000

Reporting to the Assistant Company Secretary you will be responsible for the development and maintenance of the corporate legal practice within Greater London Enterprise, its subsidiaries and projects. Initially you will maintain company records, statutory books, insurance, provide legal advice, prepare agendas and minutes for a range of companies, developing into the formation and dissolution of companies and capital restructuring.

You should have knowledge of Company and contract law, some business experience and should have preferably made substantial progress towards the ICA qualification. You must be able to act on your own initiative and be meticulous in your work.

Please contact Vanessa Moody at Greater London Enterprise, 63-67 Newington Causeway, London SE1 6ND or telephone 01-403 0300 ext. 237 for a job description and application form, to be returned by 18 August 1987.

GLE is an equal opportunities employer and considers all job applicants strictly on their merits. In addition, we positively welcome applications from women, black people and disabled people where they are under-represented in particular jobs. Our premises are disabled accessible, all our posts are open for job sharing, and we provide childcare assistance.

GREATER LONDON ENTERPRISE

LEADING US FINANCIAL SERVICES INSTITUTION

A major Wall Street Firm seeks a young analyst to join their International Bond Strategy Team. Candidates should have a consistent academic record, including a first degree and almost certainly a further post-graduate qualification in Economics. Study or work experience in one or more of the world's major financial centres would be considered valuable.

The successful candidate will be responsible for analysing the fixed income markets of Europe and Japan, developing forecasts of interest rates and yield curves and identifying segments of the yield curve, or specific securities, that appear to offer attractive investment opportunities.

A significant proportion of time will be spent analysing the Japanese markets and preparing reports on the European markets for our Tokyo Office, in both English and Japanese. Fluency in English and Japanese, both spoken and written, is essential. A third language capability would be an additional asset. Direct experience of the Japanese markets, gained from either studying or working there is desirable.

Good remuneration/benefits package.

Please write, enclosing a detailed curriculum vitae, to: T. G. West, Managing Director (Ref: 7483), Associates in Advertising, Columbia House, 69 Aldwych, London WC2B 4DX.

associates
IN ADVERTISING

EQUITIES

JAPANESE SALES Salary negotiable
UK stockbroker firm seeks experienced salesperson—minimum 2 years—to sell Japanese stocks to UK clients. Demonstrated cultural interaction with Japanese needed although language not necessary.

EXPERIENCED SALESPERSON age 28-30 plus benefits
A thoroughly experienced equity salesperson with fluent French/German is sought by this prestigious UK stockbroker to sell European stock to UK clients.

PRIVATE CLIENT PORTFOLIO MANAGER c. £22,000 p.a.
The securities arm of a large European consortium group seeks a portfolio manager with at least three years' professional experience. Previous knowledge of the management of specific portfolios for high net worth international clientele is essential.

The above positions are all with well-known organisations. A number of broken have approached us for equity settlements staff at all levels. I would be interested in hearing from you if you are looking for a career move. Please telephone Cindy Brunck on 377 5040 or write to:

LJC BROKING

146 Bishopsgate, London EC2M 4JX. 01-377 5040

SETTLEMENTS CLERK

Major new international force in The City
Salary package negotiable but highly competitive

Our client is a major international fund company who have recently established themselves in The City. The company now requires to fill the important role of Settlements Clerk.

The position is regarded as a vital one, which will attract someone who already has settlements experience. Some knowledge of computers would be an asset.

You will currently be working in stockbroking, an international/merchant bank or similar financial organisation and will enjoy responsibility and be looking for the type of opportunity and career development this new venture can offer.

Please contact: T.R.C. (The Recruitment Consultancy) Ltd., 31 Southampton Row, London WC1B 5JH. Tel: 01-831 2776.

TRC
THE RECRUITMENT CONSULTANCY

Unit Trust Trustees Outstanding Opportunities

Chase Manhattan Trustee Limited seeks staff for its expanding Unit Trust Trustee Operations. This is a chance to join at an early stage a rapidly growing organisation which offers successful applicants the chance to progress with the business.

Assistant Manager

We need an experienced unit trust trustee with extensive practical knowledge who will be involved with all aspects of the business including negotiations with potential clients and subsequent liaison, staff training, systems development, and observance of regulatory requirements.

Unit Trust Administrators

We seek staff with experience of the work of a unit trust trustee. Salary and benefits are those expected of a leading international bank. Please write enclosing a C.V. and covering letter to Miss Shirley Caine, Personnel Department, The Chase Manhattan Bank N.A., Woolgate House, Coleman Street, London EC2P 2HD.

CHASE

UDT COMMERCIAL FINANCE LIMITED Business Development Manager Working Capital Finance

£20k-£25k pa + bonus + car + benefits Richmond, Surrey

UDT Commercial Finance Limited is a young, progressive and profitable company providing working capital to companies throughout the UK. Recently acquired by the TSB, the company now wishes to recruit an experienced sales professional to handle business negotiations for its main products, Invoice Discounting and Factoring. An essential prerequisite for the job is the ability to negotiate at senior Board level as well as having a strong financial background, although comprehensive product training and support will be provided. You will be in your mid 20's to early 30's with a sound track record in the financial sector.

A member of
TSB
GROUP

Treasurer

Leading retail group

Attractive + car

West End

One of the country's best known High Street names, our client has recently implemented a carefully selected programme of diversification and significantly increased both its UK and North American interests. Profitable growth is set to continue, with turnover on course to comfortably exceed last year's figure of £1.3bn.

Assisted by a staff of four, the Treasurer has a broad range of activities. In particular, he/she monitors each operating division's cash situation and arranges loan facilities, short term investment and foreign exchange cover. Other areas include maintenance of banking relationships and input into special projects such as EFTPOS.

Aged about 27-33, candidates must be numerate graduates with an appropriate professional qualification. Three to five years' experience is required, gained either in one of the Big Eight or in commerce. A knowledge of treasury operations and the desire to develop expertise in this field are essential.

An attractive benefits package includes salary according to age and experience, car and petrol, non-contributory pension scheme, life assurance and BUPA.

Please write - in confidence - with CV and current salary to Robin Fletcher ref. B. 23101. MSL Treasurers' File.

MSL International (UK) Ltd, 52 Grosvenor Gardens, London SW1W 0AW.

Office in Europe, the Americas, Australasia and Asia Pacific.

LLL
MSL International

PRIVATE CLIENT STOCKBROKING

Rensburg is one of the largest independent Private Client Stockbrokers in the country with offices in Liverpool, Leeds and Bradford.

In the recent Investor's Chronicle Good Broker Guide, Rensburg emerged top when rated for overall efficiency, and top for overall performance as an investment adviser.

It also emerged as the firm most likely to be recommended to a friend. Rensburg intends to expand and to improve further and seeks suitably qualified people in all three of its offices. If you would like to be a part of Rensburg's expansion plans please write with full C.V. to Jimmy Burns, Rensburg, Silkhouse Court, Tithem Street, Liverpool L2 2NH. Telephone: 051-227 2030.

RENSBURG

MEMBERS OF THE STOCK EXCHANGE

Broadway House,
9 Bank Street,
Bradford BD1 1HL
Telephone: 0274 729406

Silkhouse Court,
Tithem Street,
Liverpool L2 2NH
Telephone: 051-227 2030

11 Park Square East,
Leeds LS1 2NG
Telephone: 0532 434631

Economist

The Confederation of British Industry is seeking a well qualified economist/econometrician to act as Economic Forecaster. The successful candidate will be responsible for the production of economic forecasts using the CBI model and the CBI Industrial Trends Survey.

Strong analytical qualities and a knowledge of econometrics are essential. Experience in forecasting would be valuable, as would experience of a business environment.

The post will involve contact with leading businessmen and civil servants, the media, universities and research organisations.

A competitive salary will be offered. Please reply with CV and stating present salary to: Personnel Department, Confederation of British Industry, Centre Point, 103 New Oxford Street, London WC1A 1DU.

CBI

Burson-Marsteller Financial FINANCIAL PR EXECUTIVES

Burson-Marsteller Financial is expanding and seeking executives at all levels. Experience in financial PR is important, but not vital. A background in the City or financial journalism would also be acceptable. Knowledge of banking would be a distinct asset.

Please ring or write to:

Tony Slaughter,
Burson-Marsteller Financial,
24-28 Bloomsbury Way,
London WC1A 2PX.
Tel: 01-831 2969.

TRADER/FINANCIAL CONSULTANT

Leading international investment house requires Trader/Financial Consultant, to be based in London, with minimum 10 years' relevant financial business experience to specialise in equity business for Swiss institutions and to act as liaison between Swiss offices and London/New York trading divisions.

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Contracts and Tenders



ALGERIE - الجزائر

ENAPAL

29 Rue Larbi, Ben M'Hidi, Algiers

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The Entreprise Nationale d'Approvisionnement en Produits Alimentaires (National Food Supply Company) ENAPAL is launching an international invitation to tender for the supply of:

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Interested companies may collect the specification against payment of 200 DA (two hundred Algerian dinars) from ENAPAL, 29 Rue Larbi Ben M'Hidi, Algiers.

Tenders in duplicate together with the statutory documents should be sent to the above mentioned address in double sealed envelopes, the outer envelope bearing the following wording only:

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The final date for submission of tenders is fixed at 15 (fifteen) days from the first date of publication. Tenderers will be committed to their tender for 90 (ninety) days from the closing date of this invitation which is addressed only to producers and bodies specialising in marketing in accordance with the provisions of Law No. 78-02 of 11 February 1978 relating to state monopoly on foreign trade.



ALGERIE - الجزائر

ENAPAL

29 Rue Larbi, Ben M'Hidi, Algiers

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The Entreprise Nationale d'Approvisionnement en Produits Alimentaires (National Food Supply Company) ENAPAL is launching an invitation to tender for the supply of:

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Company Notices

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Section 9 No. 5, 531

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The Annual General Meeting of Shareholders of MURRAY JAPAN GROWTH SICAV, will be held at its registered office, Luxembourg, on 14th March 1987 at 10.00 o'clock for the purpose of considering and voting upon the following matters:

1. To hear and accept the report of the directors and the report of the statutory auditors.
2. To approve the statement of assets and liabilities and the statement of operations and the statement of cash flows for the year ended March 31st, 1987.
3. To discharge the directors and the auditors from their duties and to elect the directors and the auditors for the next year.
4. To elect the auditor to serve until the next annual general meeting.
5. Any other business.

The Board of Directors

MURRAY PACIFIC GROWTH SICAV

Registered Office: Luxembourg
LUXEMBOURG, rue d'Arlon 10, 1050 Luxembourg
Section 9 No. 7, 523

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

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3. To discharge the directors and the auditors from their duties and to elect the directors and the auditors for the next year.
4. To elect the auditor to serve until the next annual general meeting.
5. Any other business.

The Board of Directors

Public Notices

MERGER BETWEEN MILLS & ALLEN INTERNATIONAL PLC AND LONDON & CONTINENTAL ADVERTISING HOLDINGS PLC

The Secretary of State for Trade and Industry has referred to the Monopolies and Mergers Commission for investigation and report under the provisions of the 1968 Act, the proposed merger between the above two companies. The Commission is required to report to the Secretary of State by 7th August 1987. Any person wishing to give information or views on the merger or requiring a copy of the terms of reference should write as soon as possible to the Secretary of State for Trade and Industry, Mergers Commission, New Court, 40 Strand, London WC2A 2YT.

ملفات من الأصل

Unlikely lads rush into print

Jane Rippeteau explains how low-cost equipment is opening up the world of publishing

AN UNLIKELY bunch of characters is entering the world of book publishing these days. For it is industrial companies, banks, brokers and accountants — not traditional publishers — which are propelling a 90 per cent annual growth rate in the still-awakening publishing business, according to B. Alex Henderson, an analyst with Prudential Bache Securities in New York.

Indeed, anyone with \$15,000 to buy themselves a computer workstation, some special software and a laser printer can break into the business.

One traditional publisher warns that churning out booklets is not all there is to publishing. "If they are just supplying their own audience, that's not publishing," says Frances Pinter, managing director of Frances Pinter Publishers in London. "To sell to a wider, general audience, you have to get involved in distribution and promotion."

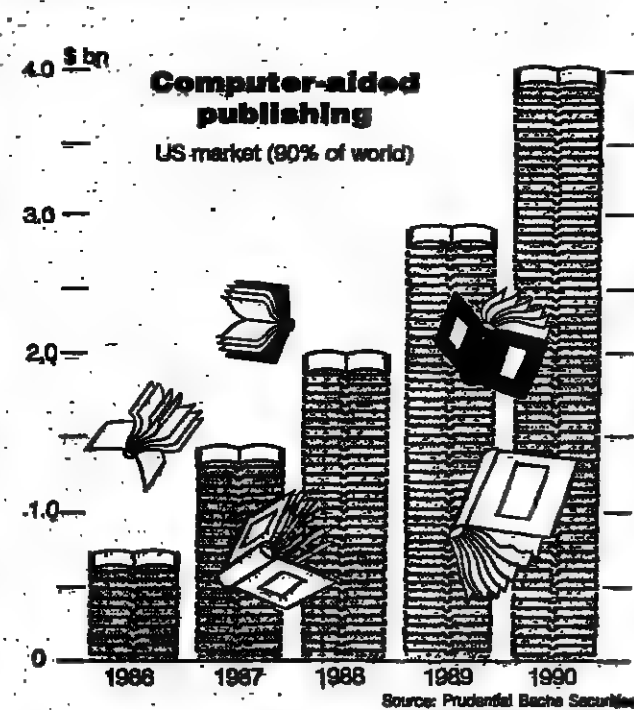
Some of the newcomers, however, are doing just that. In direct competition with traditional publishers, the large accountancy company Deloitte Haskins & Sells entered the British publishing market in February.

Arriving to incorporate the intellectual assets of its tax and accounting specialists into a whole new business in publishing, Deloitte's publications unit is producing business, financial and accounting books for sale to the general public, while marketing them through High Street bookshops.

The company's "Spring Books 1987" brochure lists *Trouble with the Taxman*, *Director's Duties—What You Need to Know*, and *Computers and the Big Bang*. Robert McKee, who managed the programme, says Deloitte is expected to double its sales this year to about £1m. That is about comparable to a medium-sized publishing house.

To achieve this target, the firm has had to buy in editorial expertise. And, lacking a notion of book distribution, it simply contracted this out to a group of freelance individuals specialising in the business.

Four years ago, electronic systems were moving in force into newspapers and magazines. Now, with the help of more advanced software, the same technology has graduated from



centralised mainframes onto personal computers, bringing publishing to the fingertips of corporate managers.

Equipment configurations differ. They range from self-contained desktop systems powered by special software to minicomputer set-ups linking multiple users to high-end mainframe-based publishing, with varying amounts of the work done in-house. Deloitte, for instance, has authors write onto discs in an IBM network, then contracts out for typesetting and printing, according to McKee.

Whatever the set-up, users say the new freedom to turn out books in-house offers major savings in time and cost, and beats their competitive edge.

"A lot of our work is time-sensitive," says Roger Malle, newly-hired editor of publications at accountants Arthur Andersen in London. Malle says that because of the company's in-house systems and equipment, the firm was able to get 10,000 copies of a paperback book on the UK budget out to clients the morning after Nigel Lawson, Chancellor of the Exchequer, made his speech to Parliament.

Malle agrees that most of the documents emanating from new

represents only about 3 per cent of the potential market, and projects that US sales—90 per cent of the world market—will top \$4bn in 1990. He says Europe is as much as three years behind in adopting the technology.

Cost savings of up to 50 per cent are possible, he says, as computers are used to lay out graphics, set type and print in-house—at least in limited volumes—what otherwise would be contracted out. Industry estimates show that large companies spend 5 to 10 per cent of their total overheads on document production—everything from technical manuals to training books or corporate brochures.

Henderson says that last year the US Department of Defense spent \$10bn producing documents. In-house computerised publishing, he concludes, "is a huge market."

The system also brings the power of the computer to the document-preparation process. A technical manual provides an example: as product models change, manuals must be updated. If the manual is stored electronically, updates can be simply a matter of writing in changes and instructing the computer to adjust page breaks automatically, rather than having to reset the whole document using conventional technology.

Just how far this capability will take the newcomers into the decidedly uncomputerised environment of traditional book publishing is unclear. Even Malle of Arthur Andersen, who says most of his 30 to 40 new titles a year are distributed free as a marketing effort, notes there are exceptions.

Last year, the company sold four "very complex technical books," including a \$50 paperback called *Oil and Gas Reserve Disclosures*—which were advertised for sale through a press release.

"We have no present plans to publish hardcover books for the general public," he says. Not yet. But, as Frances Pinter warns, traditional publishers must not be caught napping. Pinter says that of her 80 titles published annually, she plans to publish hardcover books for the general public.

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The newcomers could take business away, she adds. "If publishers don't start getting their act together, there is a lot of in-handing manuscripts produced by authors on discs for about 15 per cent of them."

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He believes that this will

WORTH WATCHING



Edited by Geoffrey Charlsh

Double edge to the surgeon's scalpel

RESEARCH WORKERS at the Los Alamos National Laboratory in New Mexico in the US have been granted a patent on a design of surgeon's scalpel that can make cuts in tissue and then immediately seal blood vessels at the surgeon's discretion.

The scalpel has an electrode on its upper edge, disposed so that vessel to be sealed lies between it and the scalpel tip. Using a switch, the surgeon can make a radio frequency current pass through the tissue, causing coagulation.

Although separate devices to seal blood vessels already exist, the advantage of the Los Alamos design is that the surgeon does not have to shift his attention from the site of the surgery.

US detective goes underground

INTRUDERS WILL find life more difficult following development by the US-based Raychem Corporation of a cable which can be buried round the perimeter of a site and will detect anything from an army tank to a burglar. The fact that the cable itself is the detector makes installation extremely simple and cheap.

The 5 mm diameter Vibetek cable uses special formulations of plastics which when deformed produce electrical voltages which appear at the far end of the cable. Some of these polymers, when compressed by only 0.001 per cent, generate three volts.

By incorporating a layer of the plastic in a coaxial cable, sound, vibration, impact and pressure are converted into electrical signals. Suitably processed, these can be used to sound an alarm, lock doors, warn the police or initiate almost any response.

Old world view of new world robots

COMPUTER RECOGNITION Systems, which has sold 300 machine vision systems in Europe since it was formed six years ago, has set up an office in Boston in the US, where managing director Bill Aldway says he intends to repeat the success. The North American expansion is backed by Boston venture capital company Advent International.

Machine vision systems process TV data from cameras to derive positional information about the objects seen, to drive robots for example. The annual market should approach \$1bn worldwide by 1990 according to market research company Frost and Sullivan.

Anglo-German missile venture

BRITISH AEROSPACE and Marconi Defence Systems in the UK together with AEG and Messerschmidt-Bölkow Blohm in Germany, have jointly formed a company that will compete for European manufacture of the advanced medium range air-to-air missile (AMRAAM).

The new company, EURAAM, has headquarters at Hatfield in the UK. The missile is being developed will operate beyond visual range and could be carried by several types of Nato aircraft.

Hotline to the typesetters

TYPESETTING by telephone is offered in the UK over the Microlink electronic mail service, 24 hours a day and seven days a week. All the user has to do is key in the text on a microcomputer and send it via Microlink's system, inserting codes that specify the type faces to be used, their sizes and measures. The text is switched electronically to Wordstream in Bournemouth which typesets the material and returns a bromide reproduction by first-class mail or

There may be equivalents but there are no equals.



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special delivery. The service offers 155 type faces from 4.5 to 72 point (around 1/16 in to 1 3/16 in) in size. Payment is by the foot length of reproduction.

Video displays get personal

COMPUTER TEXT and graphics can be combined with broadcast quality video pictures on an IBM personal computer using a single plug-in printed circuit board and software from Video-Logic of Kings Langley, in the UK.

Designated IVA-3900, the system enables moving or still video pictures to be overlaid with graphics in commercial and industrial applications, in conjunction with a videodisc player. For example, point-of-sale customer terminals can provide pictures of products along with explanatory diagrams and text. The system also meets the needs of the video training market. It costs £1,200.

CONTACTS:

Raychem: UK office, 0793 482136. EURAAM: UK, 0707 82100. Los Alamos National Laboratory: US, (505) 867 7000. Computer Recognition Systems: UK, 074 70222. Video-Logic: UK, 0277 60311. Microlink: UK, 061 456 8363.

Higher profile for a quick-thinking baby

By Peter March

UNEMPLOYED people in Britain, Chinese oil engineers and gamblers in California do not appear to have much in common. All, however, are likely to come into contact with a particular type of computer that processes data at high speeds.

These machines are made by Concurrent Computer Corporation, a name little known to anyone but an aficionado of the computer industry. Indeed, the company has existed in one form or another for 19 years and in that time has been responsible for 26,000 installations around the world.

The reason for the low profile is that for most of this time Concurrent traded as the data systems division of Perkin Elmer, the US scientific instru-

ments company. About 18 months ago, Perkin Elmer decided it was time for its computer division to have a more upbeat image.

Concurrent was formed as a separate company, albeit with the instruments maker owning an 82 per cent stake.

Concurrent, based in Holmdel, New Jersey, has a relatively lowly position in the world's \$100n-a-year industry in what are classified as "super-mini" computers. These are ultrafast machines, which often use techniques of parallel processing, in which several streams of data are processed simultaneously rather than, as in ordinary computers, one at a time.

Another user of Concurrent is superminis — which typically cost between \$100,000 and \$2m

— are much better known names like IBM, Digital Equipment Corporation, Tandem, Hewlett-Packard and Data General.

Concurrent, which has annual sales of about \$240m, preserves its niche in the computer industry by turning out machines for specialist jobs. One big customer is Perkin Elmer itself, which buys Concurrent computers to analyse data in products such as electron-beam machines used in the semiconductor industry.

Another user of Concurrent machines is Britain's Manpower Services Commission, the Government department that attempts to find jobs for unemployed people. The computers send job details to terminals installed in about 1,000 MSC offices around the

country. Superminis come into their own when fast processing of scientific information is required. Concurrent has sold machines worth more than \$10m to China's Ministry of Petroleum, which uses them to analyse seismic signals that could pinpoint oil deposits.

Concurrent has also been taken up in lotteries, where they perform a similar role to the fabled ERNIE, the computer which picks out the winners in Britain's premium bond gambling system. O-Tech, a company in Rhode Island, specialises in using Concurrent machines in lottery systems. Among its installations is a \$5m system which runs California's state lottery and which can handle 876 bets each second.

FT LAW REPORTS

Non-competition covenant gives rise to tax

KIRBY (INSPECTOR OF TAXES) v THORN EMI PLC Court of Appeal (Lord Justice Pugh, Lord Justice Nicholls and Lord Justice Russell); July 24 1987.

A SUM received by a company in exchange for covenants not to compete and thus not to exploit its reputation is subject to corporation tax in that it is derived from an asset of the company, namely its goodwill.

The Court of Appeal so held when allowing an appeal by the Inland Revenue from Mr Justice Knox's decision that \$375,000, received by Thorn EMI plc from the purchaser of three trading companies in its group in return for a non-competition covenant, was not subject to corporation tax.

LORD JUSTICE NICHOLLS said that the companies carried on the trade of repairing and rewinding electrical motors and generators. They were members of the Thorn group. Thorn, the ultimate holding company in the group, never carried on those trades. The companies were not direct subsidiaries of Thorn. They were wholly owned by Metal Industries (MI).

By an agreement dated December 9 1977 between MI, Thorn and a New York corporation called General Electric Company (GE), Thorn agreed

to procure the sale, MI agreed to sell, and GE agreed to buy, all the shares in the three companies "together with the benefit of the covenant."

In consideration of a payment of \$575,000, Thorn covenanted with GE that until the end of 1993 Thorn and its subsidiaries would not engage in the business of repairing and rewinding motors and generators of a type repaired and rewound by the three companies. The remainder of the consideration was paid to MI.

The Revenue argued that by the covenant Thorn conferred rights on GE and the asset thus created by Thorn must have been disposed of by Thorn to GE. It said there was a disposal of an asset by Thorn to GE even if that asset had no existence prior to the execution of the covenant.

The Special Commissioners and Mr Justice Knox did not accept that submission.

Tax was charged on capital gains defined in section 19 of the Finance Act 1965 as "chargeable gains... accruing to a person on the disposal of assets."

Section 22 provided that "(1) All forms of property shall be assets... including... (c) any form of property created by the person disposing of it."

Section 22(3) provided that "there is a disposal of assets by their owner where any capital sum is derived from assets notwithstanding that no asset is

acquired by the person paying the capital sum."

The basic structure of the Act was of a charge on gains accruing to a person on disposal of an asset by him. There was no statutory definition of disposal, but having regard to the context, what was envisaged was a transfer of an asset.

The Act presupposed that immediately prior to the disposal there was an asset and that the disposal consisted of the transfer of that asset.

The Revenue's first argument, that there was a disposal even if prior to disposal the asset did not exist, was not accepted. Its second argument was not advanced before Mr Justice Knox. It was to the effect that if there needed to be a pre-existing asset for the tax to apply, then there was such an asset, namely Thorn's goodwill.

By the covenant, it said, Thorn made a part disposal of, or derived a capital sum from, that asset, and hence there was a disposal under section 22(3). Thorn accepted that goodwill was an asset, but it submitted that it had no goodwill of which it could dispose by the covenant, because it did not carry on the trades in question. It accepted that the covenant curtailed its liberty to compete, but said that it did not dispose of an asset because liberty to trade was not "property."

Liberty to trade was not a form of property within the meaning of section 22. It meant that which was capable of being owned in the normal legal sense, and did not bear the extended meaning that would be needed if it were to include a person's freedom to trade.

Therefore, if Thorn had no goodwill in respect of the trades in question, and its non-competition covenant impinged only on freedom to trade, the giving of the covenant would not constitute the disposal of an asset.

One of the recognised elements of goodwill was reputation. It was not something possessed by everyone. It had a value, even though its nature was not assignable. It could be protected by an action for passing off. It was discernibly distinct from a mere liberty to trade.

Although Thorn was primarily a holding company, and had never carried on the trades of repairing and rewinding electrical motors and generators, those facts alone did not establish that only the three trading companies had

any relevant goodwill and that Thorn had none.

On the contrary, from the agreed facts one possible inference was that the three companies would have been acquired as part of the Thorn group.

Thorn's submission that it had no relevant asset at the time it entered into the covenant was not accepted.

The covenant consisted not of the entirety of Thorn's goodwill, but of its goodwill in respect of the relevant trades.

The covenant did not constitute a part disposal of that asset. By the covenant Thorn did not assign the goodwill. Its reputation remained where it was.

What happened was that Thorn received capital sums in exchange for agreeing not to exploit that goodwill. It turned its asset to account in a particular way—by accepting a substantial sum in return for agreeing not to use it for a period in the disadvantage of GE.

That fall four-squares within the opening words of section 22(3). The appeal was allowed.

Thorn should have the opportunity to adduce evidence and argument as to what sums, if any, were deductible from the \$575,000 in computation of the gain. Also, it should have an opportunity to adduce evidence and arguments as to whether, at the time of executing the covenant, it had any reputation in respect of the trades in question.

The matter was remitted to the Special Commissioners for reconsideration.

LORD JUSTICE PUGH and LORD JUSTICE RUSSELL concurred.

For Thorn: Peter Whiteman (Rove & May). For the Revenue: Edward Nugee QC and Christopher McCull QC (Inland Revenue solicitor).

CORRECTION In E. L. Du Pont de Nemours & Agnew, FT July 24, parties were represented as follows: For the assured: Christopher Clarke QC and Bruce Speller (McKenna & Co).

For the defendant insurers, apart from the 12th: Jonathan Mace QC and Jeremy Cooke (Barclays). For the 12th defendant: Christopher C. Russell (Stephenson Harwood).

By Rachel Davies Barrister

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IN GERMANY THEY CALL IT "SCHICK".

WITH THEIR USUAL DISREGARD FOR ROMANCE, THE AUDI ENGINEERS PREFER: "EINE UMFASSENDE NEUAUSWERTUNG DER AERODYNAMISCHEN WERTE."

THE REAR of the new Audi 90 looked as though it wouldn't be out of place on a race circuit.

"VERY FASHIONABLE, very chic," we ventured.

THE FACES in the room dropped in unison. Audi's aerodynamics expert, Dr Burkhardt Leie, broke the stony silence in the politest possible way.

"IT'S NOT fashion, it's not chic. It's a major reevaluation of aerodynamic values."

TRY TELLING that to the driver turning heads on Munich's Maximilianstrasse, we thought.

DR LEIE continued: "Nothing on the Audi 90 is there for show. The spoiler, for example, increases the down force of air on the rear of the car, giving it greater stability at speed.

"AS AIR flows across the rear section it meets the spoiler. The natural shape of the spoiler causes the air to rise. But what goes up automatically comes down on the other side. This increased down force reduces the incidence of lift and improves stability.

"THERE IS also an effect on the 90's Cd factor of some 2%."

"AH, COEFFICIENT of drag," we said.

"YES. WITH the 90 we wanted to obtain a Cd factor of 0.31. To you the car may look fast, but to us it is merely the result of minimization of air resistance.

"YOU MUST remember, that the Audi 90 is a powerful car. A very powerful car," Dr Leie continued.

"TOP SPEED 128mph on your autobahns," we chimed in.

"EXACTLY. THE 2.2 litre version can develop 100kw/136bhp. Such power would be wasted without the correct optimization of the basic body all the way through to blower stream velocity testing. By lowering the resistance, we reduce fuel consumption at speed. In addition, our work enables us to improve the car's flow-noise and handling characteristics."

BLOWER STREAM velocity? Dr Leie's enthusiasm was in danger of reaching gale force. We attempted to slow him down.

"SO, HOW do you optimize the car's shape?"

"QUITE SIMPLE. We develop the basic shape of the body in a wind tunnel with a model scale of 1:4."

"AND THEN?"

"2,500 HOURS, overall. We tested production line vehicles with full engines, closed front panels, road going wheels and grilles in the Wolfsburg wind tunnel. We took measurements at wind speeds of 120, 140 and 160km/h."

NEVER MIND wind speed, Dr Leie was in full flow.

"THEN WE conducted an additional study in Europe's largest wind tunnel located in Holland. We tested for the effect of open side windows on the Cd value and so on."

"MUCH OF a difference?" we asked, bracing ourselves for the inevitable.

"WITH THE front window open, 0.0008% of a km/h."

OUR MINDS started the mental arithmetic. 0.0008% was precious little to sacrifice in a car capable of 200km/h.

AND YOU could see where Dr Leie's handiwork had contributed. The side windows were flush with the body skin. The door handles were flush mounted for an un-

interrupted body shape.

THE FRONT and rear aprons were gleaming one-piece designs. The bonnet sloped gently. And, of course, there was the rounded shape with that spoiler.

WE THANKED Dr Leie and made our way to the exit.

TURNING FOR one last look at the car, we caught sight of the Audi 90's wider wheels.

"IMPRESSIVE WHEELS, mind you, very racy," someone said.

THERE WAS a certain consternation amongst our German hosts. Dr Jorg Bensinger, Audi's chassis and suspension expert, stepped forward wearing an air of indignation.

WHAT, WE wondered, was the German for 'déjà vu'?



"ONCE THE shape is right, there are obviously requirements in terms of styling, comfort and legal regulations that must be incorporated. These, naturally, produce a deterioration in the drag coefficient."

"NATURALLY," WE replied without total conviction.

"OUR TASK was to take these restrictions and devise a way to reach our target of 0.31.

"THE OPTIONS included the aerodynamically-beneficial design of certain exterior components."

"FOR EXAMPLE?"

"THE CAREFUL improvement of the external mirrors, cooling air-feed system and soundproof panelling beneath the engine and gearbox."

"HOW LONG did you spend in the wind tunnel?"



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Wednesday July 29 1987

A sustainable recovery

IN PRESENTING its latest survey of industrial trends, the CBI has gone out of its way to allay fears that the British economy is in the middle of an unsustainable credit-driven boom. It asserts bluntly that there is no evidence of significant overheating, claims that strong competitive pressures are restraining inflation and believes that a surge of capital investment will ensure that bottlenecks do not prevent UK companies from meeting rising home and export demand. Business confidence has risen strongly, it says, and output is now set to grow at a steadier and more sustainable rate than earlier in the year. In other words, all the economic dials are set fair and the Government should resist the temptation to tighten policy.

Manufacturers are understandably anxious to ensure that financial market jitters do not put paid to their hopes of expansion. The steady optimism about 4-5 per cent output growth tends to obscure the fact that many manufacturing sectors have yet to regain their production levels of the late 1970s. The relative buoyancy of demand raises the prospect that manufacturing industry may create net employment opportunities, but merely that it may be able to reduce the rate of job losses from 2,000 a month to 1,000. Thus, while credit-watchers in the City worry about unsustainable booms, many businessmen are likely to take the view that Britain's industrial renaissance is very much in its infancy.

Capital availability

Although the CBI is almost certainly correct to play down fears of overheating, the UK's still quite modest recovery from the 1980-81 slump is not without its strains. In the first place, the labour market is functioning poorly. When around 3m people are still unemployed, it is rather remarkable that almost one company in five is experiencing shortages of skilled labour. The proportion of companies citing skill shortages has risen by 50 per cent since April. The problem is a reflection of industry's long-standing neglect of training, and the failure, so far, of the public sector's various initiatives to remedy matters.

A strategy for electricity

A STIFF new breeze of competition could invigorate Britain's electricity supply industry and benefit its customers. But the Government must resist pressures to adopt the easy solution, just to complete the sale in one parliament and to keep up the momentum of asset sales.

Transfer of ownership of this 1980s industry to the private sector would not by itself do much to improve performance, and might even make it worse. The key to success will be a new structure which must achieve a subtle balance between the need to promote competition and the operating economics available to larger systems.

Potential gain

However, the CEBG is, by common consent, technically expert and a fairly efficient operator. Better performance in the future will depend on the industry's ability to buy cheaper coal, to improve its planning of new plant, to reduce construction costs and to reverse its dismal record for delays in commissioning nuclear stations.

Examples from the oil and other large industries suggest that the private sector might do very much better in managing such large projects. A more competitive environment might also stimulate smaller, innovative methods of power generation, with a much sharper focus on the trade-off between capital and running costs.

Since the industry is now at the start of a major cycle of capital investment requiring perhaps £8bn to £10bn to be spent on new power stations by the end of the century, the potential gain from improved project management and better

the availability of capital. The CBI survey is only partially reassuring on this issue. The percentage of companies citing plant capacity as a constraint on output has fallen slightly since April and capacity shortages are said to be still a much less important constraint than lack of demand. All the same, capacity utilisation is very high by historical standards and the volume of private sector investment has been subdued. Last year, private non-residential investment fell by 2 per cent in real terms; manufacturing investment fell by almost 5 per cent and is still well below its peak levels of the late 1970s. Gross fixed capital investment, at about 17½ per cent of GDP, is lower as a proportion of output than in any other EC country except Belgium.

Worth paying

The timing of investment in recent years has been strongly affected by the tax changes in the 1984 Budget. The CBI may thus be right to argue that the recent weakness has been no more than a pause. It points out that the balance of companies intending to increase their investment is at its highest, with the exception of April 1984 (when tax considerations were paramount), for a decade; moreover, 9 per cent of the companies planning to invest more say they intend to expand capacity rather than replace plant or improve efficiency. The Clark shoe company's recent decision to build a new factory and double its present capacity may not, therefore, be entirely atypical of trends in UK manufacturing.

A surge in industrial investment could result in a short-run deterioration in the balance of payments as much capital equipment would need to be imported. But this would be a price well worth paying. The UK is likely to be able to sustain its present relatively high growth rate only if it strikes the right balance between current consumption and capital formation. Public policy has a role to play here: if the Government wants to foster a climate conducive to investment, it needs to keep interest rates as low as possible and the exchange rate competitive. This will be consistent with low inflation only if fiscal policy is relatively tight.

allocation of resources is large. However, the Government must not judge the uncomfortable fact that electricity industry is the most important input, representing about 40 per cent of total costs, is over-priced British coal. Attempts to promote a more entrepreneurial spirit in the electricity industry could hardly succeed if generating companies were forced to depend for most of their supplies on a highly protected, inefficient monopoly with a notorious industrial relations record.

Inglorious precedents

Indeed a stronger case can be made for breaking up British Coal and selling off its assets than for privatising its main customer, since unlike electricity, the coal industry includes no element of natural monopoly. The Government will argue that British Coal needs time to consolidate the improvements which followed the 1984-85 miners' strike. Nevertheless, specific plans to liberalise the coal industry, moves to open the UK market to foreign competition, and abolition of restrictions on private coal mining must be a minimum concomitant of any credible strategy to return electricity to the private sector.

At the same time, the Government must decide how to allocate responsibility for Britain's nuclear power stations, particularly if the CEBG were broken up into three or four competing power generation companies. Many other complex issues remain to be settled, including ownership of the national grid, the framing of rules to protect domestic customers and regulations to determine how competing power companies should be allocated capacity on the grid.

Then there are the broader issues of whether to leave the CEBG intact, whether to create 12 separate private distribution companies, consolidate them into four or five regional groups or even as a monolithic distributor. Political pressure to keep the privatisation bandwagon moving may tempt ministers to follow the inglorious precedents of British Telecom and British Gas for privatising monopolies whole. The recent outbreak of complaints about the quality of British Telecom's service is a warning to the Government that customer dissatisfaction could give privatisation a bad name.

Nick Garnett looks at the response of lift truck makers to traumatic changes in the industry

When retreat is the only way forward

THE critics of smokestack America used to get short shrift when they visited the management at Clark Equipment, the Indiana-based construction machinery and auto-components maker.

Even in the rather tired business of lift truck manufacturing, Clark was in a confident mood. It scoffed at companies which reacted to recession by shifting a large proportion of production outside the US.

In the past couple of years Clark has had to reconsider the management at Clark Equipment, the Indiana-based construction machinery and auto-components maker.

The world's second largest lift truck maker, after Hyster, Clark last year decided that the only way it could remain in the forefront of the lift truck industry was to source all its internal combustion engines forklifts from Cummins in South Korea.

Its Battle Creek plant, in Michigan, has been closed and it plans to shut down its Georgetown facility in Kentucky later this year, leaving it with only one plant in the US, making electric forklifts.

The Samsung deal marks another step in the retreat of US lift truck manufacturers from their domestic manufacturing base. Within the past two years, at least 10 US manufacturers have either abandoned all production in the US in favour of outsourcing, or shut down a large proportion of domestic capacity, or fed the business altogether.

US manufacturers complain that Japanese penetration of the domestic market—Japanese imports represent 50 per cent of the US market for internal combustion engine lift trucks—is the major cause of their difficulties. However, the US companies' reluctance to adapt designs and to reduce production costs has left them in a poor position to compete.

In Europe, on the other hand, the threat from Japan has been much less pronounced. The Japanese control less than a quarter of the European market and European manufacturers have, on the whole, coped better with the industry's convulsions. Rather than outsourcing on a massive scale and shutting down large amounts of capacity, they have responded by rebuilding the industry's ownership. As a result, a large part of Europe's production base—particularly in West Germany, Sweden, Italy, and to some extent in the UK—has remained intact.

Companies in both the US and Europe were clearly shocked by the dramatic shrinkage in the market for this once ubiquitous machine for handling

material in factories and warehouses. From a market of 800,000 units in the late 1970s, annual sales plunged to less than half that before recovering last year to around 450,000. Coupled with the general decline in heavy manufacturing, the recession in the industry was caused by a gradual change to more sophisticated and specialised vehicles as the concept of "just-in-time" supply deliveries led to smaller inventories.

Meanwhile, Japanese companies targeted the US market with a vengeance. They took on the North American market with standard low-cost counterbalance trucks—what the men in the street recognise as forklifts—using non-specialist parts like car axles.

Toyota, the biggest Japanese producer, and Nissan, the biggest exporter to the US, shared out the market in an organised way. Toyota based operations in California to reach the western part of the US, while Nissan set up in Kentucky to do the same in the east. This drive reduced prices to such an extent that they are still below the level of five years ago.

In the US, retreat has been the chief response, particularly among manufacturers of the standard counterbalance truck, weighing between 2,000 lbs and 15,000 lbs.

From the end of this year, Caterpillar of the US will no longer be manufacturing forklifts.

US manufacturers' failure to adapt designs and cut costs has left them in a poor position to compete.

lifts domestically. Daewoo in South Korea has been supplying lift trucks to Caterpillar for the past two years, in deal linked with the closure of the company's facility at Metro, Ohio. From 1988, Caterpillar will obtain all its products from Korea, Norway, Mexico and the UK.

Allis Chalmers, another large US producer, got out of the business at the end of last year, selling its operations to AC Materials Handling, which now largely performs add-on

work to Komatsu trucks brought in from Japan.

Pettibone, which filed for protection under Chapter 11 of the US bankruptcy code, has virtually pulled out of its specialist logging lift truck business. White Lift and Taylor have reduced domestic production, the latter now importing machines under its own name. Yale has closed capacity in the US while relying increasingly on machines made for it by Sumitomo in Japan. It also makes electric trucks in the UK.

Hyster, the world's fourth largest producer, has stuck the course better than most of its US competitors and has so far turned its back on deals with Far Eastern lift truck makers. It has spent heavily on production systems, including at its plant in Irvine, Scotland. As early as the late 1970s, Hyster moved into lighter weight, easier-to-make forklifts with its "range" series, while its competitors were failing to adapt their designs to a changing market.

However, it, too, has shut down much of its US capacity and instead uses plants in Scotland, Northern Ireland and the Netherlands. The recently announced closure of its new plant in Ireland, which made automated guided and specialist vehicles, was a blow to the Hyster image. The company appears to have had difficulty adjusting to the task of installing entire materials handling systems, rather than individual pieces of hardware.

The US producers which have fared best are those which have been under less pressure from Japanese competition. Raymond, for example, is still market leader in the US for specialist narrow aisle vehicles, using production from domestic plants. But this is an area where Japan does not really compete.

One ironic development is that the Americans have now become some of the highest importers of lift trucks from low-cost countries. That might explain the mixed reaction of US companies to protectionist moves against Japan.

Hyster and Yale recently filed anti-dumping claims with the US Government against Japanese producers, Toyota, Nissan, Komatsu, Toyo Ompanki (TCM) and Mitsubishi. Clark and Caterpillar, however, are either neutral or directly opposed to such action.

Hyster says that as a result of the high yen, Japanese

WORLD LEAGUE TABLE



Turnover 1985

(Fork lift trucks)	DM million
1 Hyster	2,565
2 Clark	1,753
3 Linde	1,203
4 Hyster	1,140
5 Toyota	1,071
6 Komatsu	759
7 Lunsing Bagmail UK	655
8 Jungheinrich W. Germany	580
9 Crown	483
10 North American Coal Corp (Yale) US	468
11 Mitsubishi	448
12 Nissan	430
13 Toyo Ompanki (TCM)	314
14 Allis Chalmers	312
15 BT	280
16 Raymond	260
17 Lancer Boss	247
18 Caterpillar	180
19 Fiat	163
20 Manitou	153

(Source: Forthcoming-Journal)

companies can no longer make money exporting lift trucks. It adds that the companies have virtually admitted as much in their responses to the anti-dumping petitions. "But they are not giving up market share because of the yen," says Hyster. "They are going to export at whatever cost and it does not matter who stands in their way."

US companies admit that they brought a lot of their problems on themselves. As one UK manager puts it, "some of them were rather dopey when the challenge arrived from Japan in the 1970s. Their products represented very boring, heavy engineering."

Gary Bello, head of Clark's North American materials handling division, concedes the point when talking about Clark's outsourcing policy. "That came from a realisation of just how far we had to go. We were not talking about cost reductions of 10 per cent but more like 30 or 40 per cent to compete. So we had a cost and a time problem."

In Europe, consolidation has been the order of the day. A large number of European lift truck makers have changed hands in the past four years, creating a smaller number of more powerful companies, which the West German Linde group has taken over. Linde's takeover of the UK's Hyster, for example, was a consolidation move. "We have changed hands in the past four years, creating a smaller number of more powerful companies, which the West German Linde group has taken over," says Bello.

This restructuring, which took place in the early and mid 1980s, included Linde purchasing a stake in Hyster, and then acquiring the French company, Fenwick. Lunsing, the biggest UK manufacturer and one of the few companies in the world

with a full range of standard and specialist lift trucks, absorbed Sany of France. Lancer Boss in the UK snapped up Steinbok.

Then in 1985, Jungheinrich of West Germany—a market leader in narrow aisle vehicles—reached trucks (where the carrying mast moves) stackers and powered pallet trucks. MIC was the last remaining French-owned manufacturer.

In the past year, Kalmor of Sweden has taken over Coventry Climax, a struggling UK maker, and LanderBoss absorbed the former Fenwick manufacturing plant in Spain. At the same time, Linde took over Wagner, a leading maker

The Europeans also seem to have realised sooner than the Americans that the industry's future lay in providing material handling systems, rather than simple forklifts. They moved more promptly to specialist vehicles, frequently electrically powered.

The impact of Japanese imports has also been less severe. While the Japanese have taken large shares of individual European markets where there are no domestic lift truck producers, overall they have been kept to less than a quarter of total European sales. Last year Japan signed a voluntary agreement restricting itself to just over 30 per cent of the market.

Pressure to cut costs remains severe. Linde says survivors will need low-cost designs, high-quality components and well-managed factories. Jungheinrich has spent DM 80m (£27m) in the past three years on production systems at its Hamburg factory and is spending a further DM 30m on fabrication systems. A modular concept of design has helped reduce the production cost of its latest range of reach trucks by 20 per cent. As an indication of the attention to engineering detail, it started off with 24 possible profiles for the carrying mast on these trucks. Measuring stiffness and torsion by computer aided design, it eventually reduced this to the one optimum design.

Restructuring in Europe may still have a long way to go. "There will be more losses, there is no doubt about that," says Mr. Bob Biebol, head of Jungheinrich's UK operations. "I think that only market leaders can make a profit in the longer term. The scene might be set for a final battle in Europe."

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Observer



'I'm just hoping this Spy Catcher business lasts long enough to see my kids through school and university'

Men and Matters

If he could regularly fill his BHS stores as well as his flag ship outlet in Oxford Street yesterday, Sir Terence Conran would no doubt be a happy man.

Alerted by press rumblings of takeover and demerger, shareholders turned up in huge numbers for the annual meeting of the Storehouse Group.

Official computations put the turnout at 800—rather more than the 200-odd who bothered last year—and considerably more than could be accommodated in the 350 chairs crammed into the Oxford Street store's restaurant for the occasion.

One Mr Seymour, stuck at the back with a squadron of circling brokers' analysts, tailors' dummies, dumbstruck PR persons, and a clutch of be-hatted women of a certain age, was getting cross.

He waved his plastic bag frantically in Conran's direction. The man and his board, dis-

cerned with difficulty through the rising steam, appeared not to notice. As far as could be heard through the clapped-out audio system, they were preoccupied with contentious issues revolving around the non-availability of suits for the fuller figure.

"My name is Seymour. I am an ordinary shareholder. This is the most chaotic annual meeting I have ever been to," he bawled into a dud microphone.

The message failed to penetrate the fog. The board was onto the disappearance of food from the back and the ladies at the back had discovered with some indignation that the lucky few with seats had also been issued with 25 shopping vouchers.

More disruption as they clattered out to claim their due. Eventually, armed with two mikes, Seymour communicated his displeasure and a demand for a written transcript of the performance.

Conran mouthed something in the distance. "Was this yes or no?" yelled Seymour. "Yes," they all cried, with another rousing hurrah for the ordinary shareholder.

Theobald's road

Tom Theobald, the 50-year-old Citicorp vice-chairman who succeeded John Swearingen as chairman of Continental Illinois Corporation, turned down the job when approached by federal regulators three years ago.

At the time, the troubled Chicago-based institution, still the US's 14th largest bank holding company, was wallowing in bad oil loans which required a \$45bn government bail-out.

Today, the picture is rather brighter. Despite their well-publicised personality clash,

Swearingen and his recently resigned right-hand man, William Ogden, presided over a period of gradual convalescence. Consequently, Theobald's main priority will be survival rather than instilling a recognisable strategy in the bank's operations.

A 27-year Citicorp veteran, with experience in investment management, global commerce, banking and consumer banking, he appears well-qualified for the task in hand. Most recently he played a major part in running Citicorp's investment banking operation.

Theobald's name has been mentioned in connection with several important banking positions since he was passed over for the top Citicorp job in favour of John Reed, two years his junior, in 1984.

He has known Swearingen—who will stay on as a confidential director for an indefinite period to assist in the transition—for several years. The two reportedly were shooting birds together in England last November.

Close relations

Britain's corporate public relations industry has become such a scene of turmoil—with constant takeovers and the establishment of new, breakaway consultancies—that the first reaction to yet another entrant into this crowded field might be a yawn of boredom.

Yet City and Corporate Counsel, which was officially formed yesterday, promises to be refreshingly different. It brings together some of Britain's most experienced public relations consultants, including chairman Alan Watson, former presenter of BBC's Money Programme and one-time chief executive of Charles Barker

City, chief executive Peter Smith, who was most recently head of corporate relations at Baring International, Richard Holmes, chairman of the Constitutional Reform Centre, and with wide experience of political lobbying, and James Cook, a former finance director of Harris Queensway.

CCC argues that many of the big PR houses do not look after their clients' needs properly; to win the account, the house will field some of its best operators, but thereafter responsibility may be delegated down the line to young, inexperienced executives. And the big agencies which form part of wider media consultancy groups, may try and push their other services down clients' throats, adding on a hefty mark-up.

CCC claims that it will be distinctly different. For one thing, all its account executives will be senior, experienced PR figures—part-time consultants will include former MP Tim Brinton, and Martin Wray, currently head of public affairs at ICI. For another, the main thrust of its work will be confidential counselling, leaving the chief executives to advise to speak to the world. And additional services—such as design, photography, advertising—will be farmed out to independent third parties and charged to the client at cost.

All of which suggests its ambitions are those of a high quality niche player. A sort of Lazarus of the PR sector? "I don't think we'd quarrel with that sort of description," says Smith.

Weatherwise

Overheard in the lobby of the Athenaeum where two elderly members were taking refuge from the rain: "Are the bishops meeting today? My father gave me some very sound advice about this club. Never leave your umbrella when the bishops are meeting."

Anatole Kaletsky draws lessons for the BA-BCal merger from the US experience

A HANDFUL of giant and predatory airlines, most of them based in America, are on their way to dominating air travel within the next decade. Only by regrouping through large mergers of their own can European airlines hope to survive in the battle of the giants which will eventually break out in the skies over Europe.

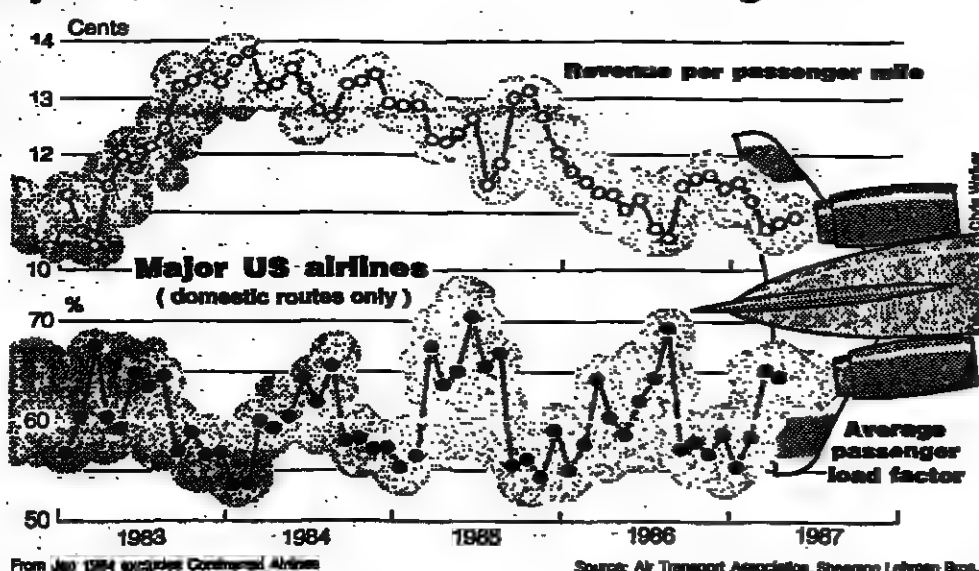
This, in essence, is the argument which British Airways and British Caledonian are putting to the UK Government in the hope of avoiding a reference to the Monopolies and Mergers Commission for their proposal of a merger. If it goes through, the merger will give them overwhelming dominance of British scheduled air transport.

Is their case borne out by the experience of US airline competition and mergers? This question can be broken down into four others. Has there been a wave of huge US airline mergers? Clearly there has. Is there a competitive threat to Europe? Probably there is. Would this threat be reduced by a BA-BCal link? Possibly it might. Would such a merger help the British travelling public? Almost certainly it would not.

The first question is easily answered. In the last year and a half, five airlines of which carry more passengers and own more aircraft than BA and BCal put together have grown to dominate the US air travel market. Between them these five carriers—Texas Air, United, American, Delta and Northwest—now control 70 per cent of US air traffic, against the 40 per cent they had in the early 1980s. Almost the whole of that quantum jump in industry concentration has been due to takeovers—Texas Air buying Continental, Eastern, People Express and Frontier; Delta acquiring Western; Northwest swallowing Republic.

The mergers, therefore, are an incontestable and permanent fact of life. But do they pose a competitive threat to Europe, as BA and BCal claim? The answer is clear. The competitive threat in the sense that several leading US carriers see international operations as an important avenue for expansion. However, according to most US experts, this threat is likely to be confined for the foreseeable future to competition on transatlantic routes.

What the US airlines are interested in is not the so-called "fifth freedom" to pick up and drop off passengers within Europe, but simply the chance to fly directly from US hubs by flying directly from



Bigger may not be better for Europe

them to several European cities. Furthermore, despite BA's warnings about the American threat to Europe's domestic routes, there is no sign that either European or US authorities will allow the other side's airlines to serve domestic customers on any significant scale.

There is another less obvious reason why BA's claims about the competitive structure of the European airline business seems something of a distortion. For even if there is a competitive threat, it is little to do with mergers. In fact, mergers may have done more to curb the US airlines' international competitiveness than to boost it.

The wave of mergers, coming on top of the financial traumas of deregulation, has forced many US airlines to load themselves down with debt, either to buy competitors or to deter other bidders.

The clearest case of this is Pan Am, the US airline with the biggest international franchise. Pan Am has been struggling financially for over a decade—a struggle traceable partly to its disastrous decision to buy National Airlines (on the grounds that National's domestic network would boost Pan Am's international pre-

eminence). In the latest wave of mergers, Pan Am's financial state has been so parlous that it has been left entirely in the cold.

TWA, the other leading US international airline, is only marginally stronger. Since its acquisition by Mr Carl Icahn, the noted corporate raider, TWA has been labouring with a debt-equity ratio of 15 to one; it has failed to invest in any new aircraft and has shifted its focus away from international business to the limited domestic markets, particularly out of St Louis, in which it enjoys a near-monopoly. Recently Mr Icahn announced that he would attempt to take TWA private, increasing its debt load by a further \$600m (\$275m) in the process.

A third major international competitor, which looks less threatening on the balance sheet than on the tarmac is Texas Air. As the biggest airline in the world, with over 20 per cent of the US domestic market as well as the London to Newark and London to Miami routes it took over with People Express and Eastern, Texas Air is the most formidable force to have emerged from the wave of US mergers. But its financial and operational condition, too, is desperately

vulnerable. Its indebtedness is even higher than TWA's.

Among the other big US airlines, Delta and Northwest do seem to have been strengthened as international competitors by recent mergers. But the most powerful new competitor in Europe, American Airlines, has been notably absent from the merger fray.

For the past few years, American has been extending its reach round the world from its hubs at Dallas and Chicago. But its success has not been based on mergers—indeed American has repeatedly turned down opportunities to Pan Am, largely because of the problem of integration.

There are two other reasons why the competitive threat presented by American may be worse today than in the past. If the consolidation of the US airline industry were now to result in a period of profitable and stable oligopoly for the surviving "mega-carriers," then it might be easier for them to turn their attention back to Europe, to the international market. In addition, the preceding period of intense deregulation and competition had led to a sharp improvement in the efficiency of the surviving airlines, then they would be in a stronger position to compete against the world once they de-

cided to turn their attention outward.

There is probably some truth in these conjectures. But they beg two corresponding questions. Would mergers among European carriers like BA and BCal create the same conditions of stable and prosperous oligopoly which companies like American and Delta are beginning to enjoy today? And even if they did, would this be in the interests of the European public?

Mergers such as BA-BCal might create European airlines that were financially stronger than a BA on its own. In this sense the merged European carriers would perhaps be more likely to withstand new competition from the US. This extra financial strength, however, would be based entirely on monopoly power, not on higher efficiency—for European airlines have not yet gone through the kind of competitive shake-out experienced in the US since deregulation in 1978.

It is possible therefore that mergers among European airlines today would increase only their monopolistic powers, not their efficiency or capacity for long-term competitive survival. It was deregulation, not consolidation that forced the US industry to become more cost conscious and efficient. The recent wave of mergers may or may not have been an inevitable consequence of deregulation; but it was certainly not the cause of the US airline industry's efficiency gains and low fares.

In fact, US fares have begun increasing rapidly in the last nine months and airline labour costs are already beginning to creep upwards. Meanwhile, the quality of service, which was undoubtedly a major victim of deregulation, has deteriorated—as shown by record levels of customer complaints to the Department of Transport, widespread overbooking, allegations of deceptive scheduling, maintenance problems and unprecedented delays at major airports. Despite these well-publicised headaches, most Americans probably still feel that deregulation was worthwhile for the enormous benefits—estimated at around \$6bn annually—which it brought to travellers through lower air fares and more efficient airline operations.

As the US airlines regain their oligopoly power, some of these benefits will gradually be lost. But at least Americans enjoyed a lengthy honeymoon with the joys of genuine airline competition. It would be sheer masochism for Britain or Europe to accept the oligopolistic reaction without having enjoyed the competitive freedom.

Britain's inner cities

Self help depends on reform at the centre

By David Edmonds

THE MOST compelling element of Faith in the City, the report of the Archbishop's Commission on urban priority areas, is the account of the state of mind of hundreds of thousands of Britain's citizens who live in the run-down parts of the inner cities—or in the crumbling, midwestern, unpaired council estates of the outer cities. The predominant emotion is hopelessness, with no relationship to the mainstream of the normal life of the nation.

Those who do not share their poverty can barely comprehend the depth of misery created by unemployment, exposure to a physical environment which consists of decaying housing and boarded up shops; or the bleakness of a crudely planned dock-access estate, where corridors run above bedroom ceilings.

The hopelessness may turn to despair when the economic base collapses, and unemployment reaches 30 per cent. And for many there is a fear of crime which destroys the possibility of a tolerable, normal life. Faith in the City describes "a quite different social and economic system, operating almost at subsistence level, dependent entirely on the public sector, where the opportunities for improvement either through self-help or through outside intervention are minimal."

The key to a new approach to urban policy must surely be the creation—through outside intervention—of conditions in which self-help becomes a reality, and real hope becomes a possibility. Given the scale of the problem, no urban policy can be effective unless it is built on the main resource of any urban community: the people who live there.

This is not another plea for community architecture; it is a plea for an urban policy with community self-help as the primary objective, not tagged on to bureaucratic solutions. And it means bureaucracies, central and local, adopting a supportive, not directive role.

The best example to support this approach is, perhaps, the community-based housing association, or housing co-op, in much of Glasgow, living conditions have been transformed—

and new hope given—when neighbourhoods have formed associations and converted run-down tenement blocks into decent housing. Some community-based associations, run by voluntary committees, are now planning small workshops, or running creches to allow women to find jobs, or working on environmental projects.

Those community-based housing associations and housing co-ops which succeed do so because public agencies act as facilitators, providing the initial training, planning framework and, of course, resources. Self-help is not a cheap solution; renovating run-down tenements or modern flats costs money, and even with more flexible grant-aid arrangements leading to some private sector investment, major public sector investment will continue to be needed. So outside intervention remains crucial: not paternalism but providing methods, training, help with the bureaucratic system.

The shift needed in urban policy to achieve this kind of model in other areas—economic, social and environmental—would be profound. Such a shift is unlikely to take place given the plethora of agencies, departments, programmes and policies which now exist. Responsibility is so divided that the law of multiple decision-making is bound to apply; any new government policy set by the centre simply will not be achieved in the cities.

For example, the Department of Environment now has responsibility for the suburban programme, urban regeneration grant, urban development grant, derelict land grant, the Manpower Services Commission controls a variety of employment programmes; the Home Office has its special grants; the Department of Education and Science has responsibility for inner city schools; and the Industry Department, with two Cabinet Ministers, has responsibility for industrial support. Added to this are the Department of Health and Social Security and the Housing Corporation, with 85 per cent of its programme in the cities;

urban development corporations; urban task forces; and now housing action trusts. And there are, of course, the local authorities.

There is a compelling case for a rationalisation of central responsibility. Without this, not only will decisions at the centre be more difficult to reach, but by the time they hit the ground (if they ever reach it) the impact will be diffused. We need a single national agency with an overriding goal: the creation of conditions under which those in the cities can help themselves. The agency should absorb and direct many of the central programmes listed above; it should be at one remove from government, although subject to ministerial direction (from one department); and it should have flexibility in investment decisions, working closely with the private sector, building on successful initiatives like Business in the Community. It will need to harness private sector skills, and that may well mean expensive secondments, or short-term contracts.

Even more importantly, it must be accepted that to secure capital investment in many areas the gap between cost and value can be bridged only by public-sector investment. The private sector cannot be asked to invest without prospect of a fair return. In many inner cities, the return on housing, or commercial development, or new factory premises, is just too low. Public investment, quite openly, can bridge that gap.

My two themes—a radical restructuring of the organisation of central programmes and policies, and a new, overriding policy objective directed at convincing local communities that there is a real chance of improvement through self-help—perhaps seem unrelated. But without the first, the second will be impossible. And unless we are able to re-create hope, we are unlikely to persuade those who have in effect given up that it is worth rejoining the mainstream of society.

The author is chief executive of the Housing Corporation. The views expressed are his own.

Misconceptions of EC law

From Mr S. Crossick
Sir—Lord Denning's three points reported (July 24) to have been made during the House of Lords debate on the Finance Bill are, with respect, based on misconceptions of EC law and procedure.

First, the Council of Ministers is competent to require the abolition of self-rating. Such a decision would, however, as the Prime Minister pointed out, need to be taken unanimously (ie with the UK's consent).

Secondly, the European Commission and the European Court cannot "dictate" to the UK Government, except insofar as any court "dictates" to people when applying the law. Indeed, unlike most national courts (including Lord Denning's own), any judgment of the European Court can only be declaratory as to whether the UK has complied with its obligations under the EC Treaty.

The European Court has no power to make definitive orders against Member States for non-compliance with the Treaty. In the event of a declared non-compliance, the UK Parliament has to decide whether to persist in a repudiation by the UK of its obligations under the EC Treaty, a course which must ultimately result in the UK leaving the European Community, or to amend its legislation to comply with those obligations. Sovereignty is the power to make this choice, a power which Parliament fully retains. Political wisdom is the ability to make this choice sensibly.

Thirdly, there is no EC rule which prevents the UK Government from revealing its own pleadings to Parliament, to third parties or to the public at large. Nor is there any rule to prevent the Government disclosing the Commission's arguments at least in the latter does not object (as it would not normally). In any event, a

Letters to the Editor

summary of the Commission's case and arguments is published in the Official Journal, shortly after proceedings are initiated, and a fuller statement of all the arguments is made available to the public by the Court immediately before the case is heard. There is no substantial difference between the relevant practices of the EC and the English Supreme Court. Indeed, those of the European Court could in some respects be said to be more open.

Stanley Crossick
Belmont European Community Law Office,
118-128 Avenue de Cortenberg,
1040 Brussels.

Midland Bank's results

From Mr R. O. M. Ellidge
Sir—You were critical of Ernst & Whinney in the Lex column (July 24) with regard to the presentation of the Midland Bank's interim results. The circumstances in which Midland Bank is disclosing of three subsidiaries, making a rights issue and at the same time increasing its provisions against third world debt amounted in the opinion of the Bank's view with which we concurred—to a unique restructuring package which should be considered in its entirety. Certainly no reader of the interim results can possibly be misled by the pre-announcement of the way in which these items are to be treated and their prominent disclosure.

It is of course perfectly legitimate to debate the merits or otherwise of the accounting treatment—but the grossly intemperate language which you chose to refer to the conduct of any firm went beyond reasonable comment and added nothing whatsoever to that debate. What is more, at no time did the

journalist concerned seek either background information or opinion from my firm.

I find Lex's action in this case unacceptable and wholly inconsistent with its reputation for informed comment.
Elwyn O. M. Ellidge,
Senior Partner,
Ernst & Whinney,
Becket House,
1 Lambeth Palace Road, SE1.

True costs of pension provision

From Mr A. Smallbone
Sir—Mr Malone (July 21) refers to the statement by Mr Mayor concerning the "pension obstacles to job mobility." It is clear that both are talking of final (pension) schemes (leaving) salary schemes. The reality is that far from being an obstacle, the inherent nature of such arrangements often encourages job mobility.

True funding rates are progressive. It costs an employer more in pension contributions to keep on a 35-year-old copy typist than one of 25, one of 45 costs far more, and one of 55 far far more; although the productivity—and therefore the wage rate—of all four is likely to be the same.

Provided it is recognised that "early leaver" is a term that covers those moved on, and that "job mobility" may be a condition imposed by someone else's decision, it should be clear not only that there is no "quick and easy solution," but no solution at all. Final salary systems are a thoroughly obvious financial device which: (1) threaten all members' careers as they approach their 50s; (2) discourage other employees from taking on those off-loaded by others; (3) enable employers to under pay

long-serving staff (Snooks could obtain a 20 per cent rise by moving, but it will scupper his pension); (4) discourage long-serving employees from blowing the whistle on crooked directors ("You will be an early leaver before the fraud squad have opened the books, let us hope you understood them").
Alan Smallbone,
30 Temple Fortune Lane,
NW1.

Plenty of wine corks

From Mr L. S. Perkins
Sir—I refer to the article entitled "Alarm Bells Ring for Popping Wine Corks" (July 24), which suggested there would be a wine cork shortage in the future because of a drop in the total afforested acreage in Portugal. The article went on to argue that the forests established in the 19th century were old and have become less productive.

Although it is true there has been a slight drop in the acreage under cultivation in Portugal, it is quite untrue to suggest that wine cork production is falling. Whilst cork is an agricultural product and therefore subject to year-on-year variation, the underlying trend is upwards. Vastly improved methods of arboriculture, continuous replanting in Portugal, and an expansion of afforested areas in other producing countries have all contributed towards this trend.

Less than half the strip is converted into wine bottle corks; the remainder going to granulation and indeed there is presently a small surplus of natural wine corks.

Wine drinkers the world over may be reassured that Canteiro Latente and all other quality wines will continue to have a cork allowing that wine to develop to its full rounded maturity.

L. S. Perkins,
Chairman,
Cork Industry Federation,
Alginate House,
1 Joan Street, SE1

of trade and investment. Access to information both in private and commercial life is undeniably the greatest opportunity which can be provided in making the right decisions and advancing knowledge.

Through his comments at the University of Manchester review of the Alvey Programme last week, Kenneth Clark's tenure as Minister of Trade and Industry opened on a deeply depressing note. Britain could provide a new area of leadership, employment and trade balance within the EC, if only Government and industry could strike the right partnership.

Garth B. Shepherd,
Technical Director,
Information Technology plc,
Maylands Avenue,
Hemel Hempstead, Herts.

How Government can help counter traditional R and D weakness

From Mr C. B. Shepherd
Sir—I write reply to the article entitled "Support for technology R and D likely to be lower than expected" by David Thomas (July 15).

While the Information Technology (IT) Community is proposing a follow-on programme to exploit the work at Alvey, the UK Government appears to be walking away from the opportunities Alvey has identified. This is the traditional area of UK weakness—in commercial exploitation of research work. Other governments understand this and will ensure that industrial incentives remain until the job is finished.

The type of IT support which industry should expect from

Government is strategic initiation of specific market areas and direct funding for development. The "After-Alvey" programme could be used to put into development selected areas of research from the original Alvey programme. The Government could support this by continuing its partial funding policy for technical development, by supporting market introduction work in association with customer initiatives and indeed by being the type of customer whose policies encourage the development and adoption of innovative UK programmes.

We only have to look across the Channel to see clear examples of enlightened government policy. The EC Esprit

research programme had similar objectives to Alvey. UK industry also contributed to this but it may well be through the Eureka programme instigated by François Mitterrand that the commercial benefits emerge. Also in France, the IT initiative to distribute data services into domestic and industrial areas through the Transpac/Minitel programme has provided a far-sighted inspiration. The benefits of this programme are not just in the indirect funding it provided for French telecommunications companies but also in the increased awareness it has generated within the French user community of the benefits and application of IT.

Information technology is already changing the patterns

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Field trials of Plessey tactical radios chosen for the Australian Army's Project Raven.

£160m TACTICAL RADIO PROGRAMME FOR THE AUSTRALIAN ARMY

Plessey has won a £160 million programme from the Australian Department of Defence for almost 6,000 advanced tactical radios.

Project Raven, as it is called, will totally re-equip the Australian Army with the most advanced and comprehensive electronic-warfare-resistant radio system in the world.

It's a further vindication of Plessey investment in tactical radio technology during difficult marketing years.

Programming a Plessey radio in the Project Raven user trials.

The new Australian radio equipment is based on the Plessey System 4000 range and represents a major breakthrough for this state-of-the-

art, frequency agile, HF and VHF tactical radio system.

System 4000 is specifically designed to give superlative performance in a wide variety of harsh climatic conditions.

It provides capability for soldiers in small foot patrols, where one man operation is called for, through to long range links between command posts, and mobile radios in vehicles.

Project Raven was established by the Australian Armed Forces in 1977 and quickly became one of the most hotly contested programmes of its kind in the world.

Eight international companies bid for the development contract which Plessey won.

During the very extensive and punishing trials which the Australian Army has conducted with the Plessey equipment, there has been an enormous level of interest shown by other armed forces.

Several are now conducting trials with the System 4000 range.

SUPERCONDUCTIVITY

Plessey has successfully undertaken experiments in superconductivity at the highest temperatures yet announced by a UK industrial laboratory.

Superconductivity is the development of new ferroelectric ceramics which, although normally electrical insulators, paradoxically act as conductors at extremely low temperatures, with no electrical loss.

The latest Plessey measurements demonstrate superconductivity at -182°C. Plessey is confident it will succeed at progressively higher temperatures in the near future.

This is the first time that the phenomenon has been achieved in Britain at a practical working temperature, which makes it possible to work with a plentiful, inexpensive freezing agent like liquid nitrogen.

In the electronics industry it could revolutionise radio communications and have a major effect on the design of radar equipment as well as memory and logic circuits. Higher speed and lower power consumption are among the principal benefits.

In electrical power distribution, through superconductivity, it is conceivable that the need for high voltage cables and pylons might ultimately be removed.

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Wednesday July 29 1987

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Better times for Chile's lucky few

NOT EVEN weeks of torrential rain and flooding have dampened the enthusiasm of the Chilean business community. Profits are good, demand is high and there is a feeling the military regime of General Augusto Pinochet has finally overcome the bulk of the economic problems caused by the collapse of the 1981 boom and the ensuing debt crisis.

Yet, after listening to all their confident talk, one only has to walk out of the solid bank and company buildings in central Santiago and confront the other Chile: shoeshine boys, street sellers and young and old looking for money. This is the part of society which has yet to benefit directly from Chile's new economic progress. Opposition economists and politicians insist the gap between rich and poor, rather than narrowing, is widening as a result of the government's free-market policies. But if there is dispute as to the beneficiaries of growth, the figures themselves are not in doubt: the economy last year grew 5.7 per cent. By the first quarter of this year it had recovered to 1981 levels, and had thus overcome the damaging 1982-83 recession when GDP fell almost 15 per cent.

Chile may be back to 1981 levels of production. However, there are significant differences between then and now. The same level of production has been achieved with a 30 per cent reduction in the value of imports.

Also the composition of GDP has shifted, with the importance of industry (essentially copper) diminishing, and a sharp rise in agriculture, due to the conscious promotion of agro-industries both for export and import substitution. Another important change is that the

private sector now accounts for the majority of imports, including capital goods.

After the first quarter of this year, the authorities became concerned growth was accelerating too fast. The project for

in such schemes. The number is now reduced to 146,000.

The government says the reduction has been the result of improved economic performance, especially the jobsless. This may be the case in part;

Robert Graham in Santiago contrasts the two faces of economic recovery from a severe debt crisis and asks who the beneficiaries are

1987 had been to retain the previous year's growth but instead the economy was expanding at over 7 per cent (compared to the same quarter in 1986). Exports were up 30 per cent while imports had risen only 14 per cent.

"We were obliged to carry out some fine tuning," said Mr Juan Andres Fontaine, head of research at the central bank. "But it was only fine tuning, no basic change in policy." Interest rates have been raised slightly and the response has been quick. Inflation, which in April jumped 2.4 per cent, is down to 1.5 per cent, and any suggestion of overheating has been avoided. Mr Fontaine estimated inflation would be close to last year's annual 17.4 per cent - although probably a little higher.

The number of jobs continues to fall, although official figures give a slightly distorted picture. Official unemployment is down to 12 per cent of the 4.2m labour force, compared to nearly 20 per cent four years ago.

However, an additional 3 per cent of the active population are still employed in special government schemes. The percentage was originally far higher back in 1983 when some 500,000 people were involved

but the government has not fully answered its opponents who maintain that it has been deliberately cutting these programmes. In the slum town around Santiago, where in some instances the jobless total is above 30 per cent, little dent has been made on unemployment.

The government is reportedly considering a different approach to unemployment, including something similar to the British experiment in youth training, with companies being given incentives to employ new labour temporarily.

With General Pinochet's eye on presidential elections which are due in 1989, the government may be forced to do something about wage levels. Pay has been held down tightly. Even the country's substantial middle class finds it difficult to make ends meet. Despite a 13 per cent increase in real wages expected this year, according to official central bank figures, wages are still, in real terms, below 1981 levels.

In theory, wage increases are freely determined, but the private sector looks to government employees for a benchmark for the nature of rises permitted by the state. The government has

some leeway. The public sector deficit has been reduced to 1.6 per cent of GDP. Part of this deficit reflects the continued burden of servicing the country's \$10.2bn foreign debt. Nevertheless, Chile has been extremely successful in holding down any increase in its foreign debt by its debt conversion policies.

Chile has been the most innovative of the Latin American debtors in encouraging debt conversion. Since 1985 \$1.8bn of debt has been converted either through debt equity arrangements, direct investment or bank portfolio swaps. By the end of the year the central bank projects the total debt conversion will have reached \$2.5bn.

Initially, those involved were essentially US financial institutions but they have now been joined by Europeans and, latterly, the Japanese.

The principal means of debt conversion has been through provisions especially established by the central bank in its foreign exchange rules:

Chapter 18 permits Chileans or Chilean-based institutions to purchase foreign debt instruments.

Chapter 19 permits foreigners to invest in Chilean foreign debt instruments.

Partially as a reward for successfully pursuing orthodox economic adjustment policies, Chile was able to win an important concession from the commercial banks in rescheduling negotiations earlier this year. As of 1988, interest will be paid once yearly instead of twice, saving in effect \$447m in the year.

This means that Chile has sufficient external finance to cover the current account deficit, projected at \$800m.



Rajiv Gandhi: faces censure motion

Gandhi is target of bribery uproar

By K. K. Sharma in New Delhi

BOTH HOUSES of the Indian Parliament were adjourned in uproar yesterday as opposition parties pressed for an inquiry into allegations that Indian officials were bribed in deals with Bofors, the Swedish arms company.

In the lower house, the opposition sought a motion of censure against Mr Rajiv Gandhi, the Prime Minister, while in the upper house, where Mr Rajiv was present, an attempt was made to debate a motion charging him with misleading MPs.

This was the first opportunity opposition parties have had to raise the matter in Parliament for several months.

Opposition members refused to allow any normal parliamentary business to be transacted yesterday and insisted on discussions on their own terms of the \$1.4bn Bofors deal for the sale of howitzer artillery.

Both houses were adjourned for short periods before proceedings were halted for the day. During the uproar members advanced menacingly towards the chair in both houses. In the Lok Sabha (lower house), they slapped with each other.

At one stage, an opposition member snatched from Mr K.C. Pant, Minister for Defence, a note that he was reading on a motion to set up a parliamentary committee to inquire into the Bofors deal.

In the upper house, opposition members tried to introduce a motion accusing Mr Gandhi of having misled members in the Lok Sabha by claiming the shares in the deal should be a 50-50 split between the Indian and Swedish companies. The Swedish company has admitted making payments of about \$60m into Swiss bank accounts of Indian officials.

Mr Gandhi made no statement while he was present in the house. Because he is going to Colombo, Sri Lanka, on a two-day visit, he will not be able to defend himself until the end of the week.

The opposition parties are determined to stall normal parliamentary proceedings until their demands for a full inquiry into the Bofors deal are met. A statement is made by Mr Gandhi giving all the facts.

Mr Gandhi faces more trouble over a submarine deal with a West German company which leaves the shares up to him to decide. The opposition charges that he is protecting people close to him who are involved in foreign exchange scandals.

Although the ruling Congress (I) Party has a four-fifths majority in the Lok Sabha and yesterday its members appeared to support him, Mr Gandhi's leadership has been questioned by many.

Although he is unlikely to lose his majority, there are signs of a mini-revolt, in particular allegations of pay-offs and middlemen were involved in the deal. The Swedish company has admitted making payments of about \$60m into Swiss bank accounts of Indian officials.

On the new A330, the main competitors are Pratt and Whitney and Rolls-Royce while for the two other Airbus already in production the principal competitor is Pratt and Whitney.

Reagan says stage set for Moscow weapons accord

Continued from Page 1

positional dropping Moscow's earlier insistence on retaining 100 medium-range nuclear warheads in Asia.

These obstacles included a US demand for what Mr Gorbachev claimed were "over-complicated" verification schemes and its claim to convert some Pershing 2 missiles into short-range Pershing 1B missiles, as well as the redeployment of some land-based cruise missiles to ships.

The Soviet Union also complained that, under the dismantling programme put forward by the US, it would have to destroy unilaterally missiles



Giovanni Goria: His plan ran into difficulties.

Goria succeeds in forming new coalition

BY ALAN FRIEDMAN IN MILAN

MR GIOVANNI GORIA, Italy's Christian Democrat Prime Minister-designate, late last night told President Francesco Cossiga that he has succeeded in forming a coalition government.

The bearded Mr Goria, who will be 44 years old tomorrow, has thus managed to end Italy's five-month long political crisis by achieving a truce between the leader of his own party - Mr Ciriaco De Mita - and former premier Mr Bettino Craxi, leader of the Socialist Party. Mr Goria was named premier-designate on July 13 after Mr Craxi posed an effective veto against the candidacy of Mr De Mita.

Mr Goria, who becomes Italy's youngest ever prime minister, is expected to present his government to parliament tomorrow for a formal vote of confidence.

The Goria-led government consists of the same five parties which comprised Mr Craxi's ruling coalition from August 1983 until Mr Craxi stepped down on March 3 of this year following a bitter dispute with the Christian Democrats over power sharing. These parties are the Christian Democrats, Socialists, Republicans, Social Democrats and Liberals. Since April, the government has been administered by caretaker Prime Minister Amintore Fanfani.

The Craxi-De Mita dispute led to early general elections last month in which the Socialists increased their share of the vote from 14.3 per cent to 24.3 per cent, while the Christian Democrats moved up from 32.9 per cent to 34.3 per cent.

Although Mr Craxi last week pledged his party's full support for the new government, many local politicians (including members of Mr Goria's own Christian Democrat Party) say the government will be lucky to survive until next April or May, when the Christian Democrats hold their party congress.

Among the key ministers expected to be named in the new Goria coalition are Mr Giulio Andreotti, the veteran Christian Democrat politician who should retain his post as foreign minister, and Mr Giuliano Amato, a right-hand aide to Mr Craxi who is likely to become deputy premier and may also take Mr Goria's old portfolio as Treasury Minister.

CBI report fails to excite the markets

BY JANET BUSH IN LONDON

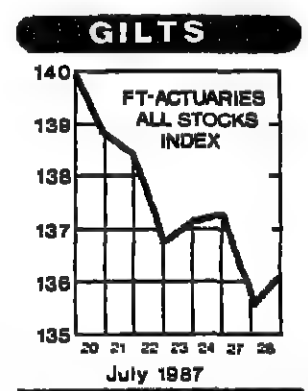
THE CONFEDERATION of British Industry's upbeat assessment of prospects for manufacturing, including encouraging evidence on growth, exports and inflation, met with a relatively muted response in UK financial markets yesterday.

The CBI's latest quarterly Industrial Trends Survey of 1,488 companies, was more eagerly awaited than usual, as markets which had been suffering substantial losses due to concern the economy might be starting to overheat.

The clear message from CBI officials yesterday was that fears about a build-up in inflationary pressures and a deterioration in the trade balance as industry came up against capacity constraints were, as yet, unfounded.

However, financial markets, particularly the UK government bond market, remained nervous about longer-run trends in the trade balance.

Mr John Banham, Director General of the CBI, said: "This latest CBI industrial trends survey indicates that the economy should be able to sustain a steady rate of growth in output. Prices are not increasing as fast as some people had feared and increased capital investment should ensure that bottlenecks do not prevent British firms from meeting increasing home and export demand."



Gilts and FT-Actuaries All Stocks Index, July 1987

Gilt-edged prices yesterday recovered only about 1/2 point of losses last week and on Monday were more than 5 points. The market is now waiting for the next set of trade figures for June, due on August 11, to see if May's sharp deterioration in the current account was an aberration as the CBI survey suggests.

Equities, which have not been quite as vulnerable as gilts, put in a reasonable recovery yesterday although turnover and foreign interest remained at a low ebb.

The FT-SE 100 index closed 25 points up at 2359.9 while the FT Ordinary gained 20.8 to 1855.

On the foreign exchange market, sterling edged only marginally higher.

\$2bn Airbus order for GE and Snecma

FROM PAUL BETTS IN PARIS

GENERAL ELECTRIC of the US and its French partner Snecma, the state-controlled aero-engine group, have won a \$2bn order from Airbus Industries for 375 engines for the new medium-range aircraft for which Airbus has firm orders.

The US group, which announced last week a major asset swap agreement with the French nationalised Thomson defence and electronics concern, said the Airbus order was the single largest order ever received by GE's aero-engine division.

GE's share of the Airbus order will total about \$1.4bn with the remaining \$600m going to its French partner.

The order includes 58 CF6-80C2 engines to power Airbus A300-600 and A310-300 aircraft and another 100 of these engines for the new medium-range A330. This part of the order is worth about \$1bn in which the French group's share is 10 per cent. However, an official of CFM International, the joint aero-engine venture between GE and Snecma, indicated last

night that the engines were expected to be built in France.

The second part of the order involves 218 CFM56-5 engines for the new long-range A340. Snecma will have a half share in this deal - about \$500m out of the total \$1bn for the A340 engines.

The big Airbus order involves engines to be delivered, in the case of the A300-600 and the A310-300s, as from 1989. Delivery of the A330 engines is due to begin in December 1991 while the A340 deliveries are scheduled to start in August 1990.

GE/Snecma currently have no competing suppliers for the new A340 following the decision of the rival five-nation consortium, International Aero Engines grouping (Rolls-Royce, Pratt and Whitney, three Japanese companies, MTU of West Germany and Fiat Aviazione) to drop its V2500 Superfan engine project.

On the new A330, the main competitors are Pratt and Whitney and Rolls-Royce while for the two other Airbus already in production the principal competitor is Pratt and Whitney.

Reagan says stage set for Moscow weapons accord

Continued from Page 1

before the US started eliminating any of its nuclear weapons. Mr Giltman said the latest US proposal had "something to say on timing." The Soviet Union would have to eliminate more weapons, but "they had a preponderance, but they had a reach equality as quickly as possible."

On conversion, Mr Giltman commented that, if all missiles in the INF range were to be destroyed, "obviously you cannot convert into something that is banned." The US would not be found wanting in meeting Soviet concerns over conversions.

Washington's latest offer also covered verification and on-site inspection plans,

positional dropping Moscow's earlier insistence on retaining 100 medium-range nuclear warheads in Asia.

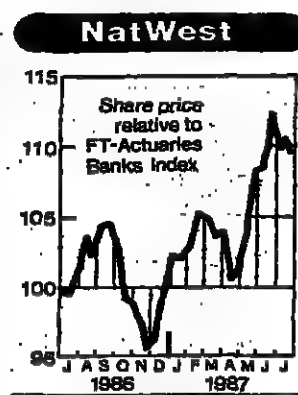
These obstacles included a US demand for what Mr Gorbachev claimed were "over-complicated" verification schemes and its claim to convert some Pershing 2 missiles into short-range Pershing 1B missiles, as well as the redeployment of some land-based cruise missiles to ships.

The Soviet Union also complained that, under the dismantling programme put forward by the US, it would have to destroy unilaterally missiles

THE LEX COLUMN

NatWest spits out the bullet

National Westminster Bank's performance in the first half of the year borders on the awesome. Despite taking \$564m of debt provisions above the line, it has managed to put another \$100m into reserves, even after increasing the dividend by over 14 per cent. The reason, typical of NatWest, is the strength of the domestic banking business. The net addition of £60,000 new current accounts has helped further to reduce dependence on the wholesale market for funds, while the lucrative mortgage book has grown by a third to \$4.5bn. NatWest is clearly not too worried about housing prices in the south-east of England: it thinks that a mortgage book of \$10bn is a reasonable target.



NatWest share price relative to FT-Actuaries Banks Index, 1985-1987

It is possible to cast some aspersions on NatWest's 71 per cent increase in its domestic profits. Gift sales amounted to no less than \$50m. But if this was an opportunistic attempt to smooth profits in the face of a wave of LDC bad debt provisions, it was also opportunistic in the best sense, since NatWest could now buy the gilts back for less than it sold them. There is also a handy \$69m coming from a reduction in general domestic bad debt provisions. Yet if NatWest is prepared to suffer a dent to profits by its correct decision to take South American reverses above the line, it should also be able to reap the benefits from past over-provision.

Foreign banking is tough not only south of the Panama Canal. Tightening margins in US corporate lending have contributed to a decline in international banking profits of about 30 per cent, from the levels of the previous six months. But NatWest should still make about \$900m this year, provisions and all, which leaves the shares up 11p at 762p, on a multiple of less than 10. That will come down with a thump next year, making the shares look good value.

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drove cheering into the sunset of the Barber boom. Indeed, a half-point rise in gilt-edged and 26 points on the FT-SE 100 index is a lukewarm assent to what should be a firm denial of overheating. The chief bull point is plainly the reduced worry about overcapacity, though this would also be consistent with a topping-out of demand. Wage inflation due to skill shortages should not worry the City of London, which has borne it in its own case with resolute cheerfulness.

But the fashionable series seems still to be the money supply, with June's figures due in a fortnight. These are being awaited either as proof that last week's shocker was an anomaly, or as the confirmation of doom. They will probably turn out neither, but the CBI gives the market something to chew on while it waits.

BAA

While the pricing of the BAA issue and the use of the partial tender in the offer have been thoroughly vindicated by the result, the first day's dealings in the shares has brought rather less glory to the City. The fact that only seven market makers were prepared to stand up in the face of an expected avalanche of small sellers was a pretty poor show. And those seven, who could no doubt calculate that with 2.1m BAA shareholders around they might all have to handle 300,000 sell orders, carefully protected their profits by each making a 5p price spread on the Topic screens, presumably not through coincidence.

Mr Peter Carr's sacking from Harris Queensway may have been necessary, but it has cast an uncomfortably penetrating beam on the management and marketing middle at the top of the company. Mr Carr is clearly no slouch - having been one of only two survivors of the Burton-Debenham takeover - and if his background made him unsuitable for the Harris position that should have been clear before he got the job 18 months ago. Promoting him to joint chief executive only three months ago, along with Mr Martin Watts, now looks like a compounding of the error.

It is too simple to see Mr Carr as a victim of the clash between the old "seat of the pants" buy-angled Harris tradition and the new consumer-led professionalisation - particularly as Mr Watts, who now becomes sole managing director, is surely in the latter camp. But to expect Mr Carr to successfully tackle the multiple failures of furniture retailing in such a short time was unrealistic. Even if Mr Watts makes a better fist of it, Harris Queensway's continued independence will depend mainly on the share state held by GUS and the Harris family.

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PHILLIPS & DREW

Strong improvement in USX second quarter

By ANATOLE KALETSKY IN NEW YORK

USX, the largest US steel company, which is also a leading oil and gas operator, enjoyed strong improving profits in the second quarter and is forecasting "very promising" results for the six months ahead.

The company made \$149m, or 50 cents a share, after tax on revenue of \$49m, compared with \$14m on \$4.2bn revenue in the second quarter of last year.

Operating income, excluding tax and financing charges, was \$342m - the best quarterly performance since 1985 third quarter. A year ago, USX's operating income was \$204m.

Mr David Roderick, chairman and chief executive, said the latest quarter's results had surpassed expectations and showed noteworthy profitability in all operating segments, including the troubled steel segment.

The profits in the steel business, which operates within USX through the USS subsidiary, were achieved despite substantial start-up costs after the six-month steelworkers' strike which ended in February.

USS lost money during April and May, according to Mr Roderick, but returned to profitability in June, with further improvements now in prospect.

For the second quarter, USS posted an operating income of \$71m, compared with a loss of \$56m the year before. However, revenues were sharply down, from \$1.3bn last year to \$875m in the latest quarter.

Mr Roderick attributed the good results in steel to the decision made after the strike to close unproductive capacity and "operate only our most efficient facilities with the benefits of a competitive labour agreement."

Average man-hours per tonne of steel shipped hit a record low in the second quarter, he said.

The energy segment, which now dominates USX's financial performance and includes Marathon Oil and TXO, a natural gas company, had operating income of \$223m on sales of \$2.8m. A year ago operating income was \$183m on sales of \$2.3bn.

However, the latest results included \$79m of unusual accounting items while the 1986 profits had net unfavourable items of \$28m.

The diversified business segment, much of which is being sold as part of a wide-ranging corporate restructuring, had operating income of \$48m on sales of \$355m, compared with \$71m and \$924m respectively last year.

General Dynamics earnings up by 21%

By Our Financial Staff

GENERAL DYNAMICS, the major US defence contractor, has lifted second-quarter profits by 21 per cent, helped by higher sales of military aircraft and a lower tax provision.

Second-quarter net earnings were \$125.1m, or \$2.92 a share, compared with \$103.5m, or \$2.43, a year earlier, on sales up from \$2.3bn to \$2.4bn.

This took profits for the first six months to \$230.5m, or \$5.37 a share, from \$173.6m, or \$4.07, in 1986. Sales rose to \$4.7bn from \$4.3bn.

The company said the latest quarterly earnings were in line with expectations.

The marked increase in net sales in its military aircraft business was a result of higher F-16 production rates of 26 or more aircraft a month under a 1986 US Air Force contract and under new and follow-on contracts from allied nations.

But simultaneously earnings in military aircraft were reduced by development costs.

Mr Stanley Tice, chairman and chief executive, said: "We believe that these long-term investments are in key technologies and programmes in which General Dynamics has great strength and for which our customers have valid requirements."

General Dynamics' total order backlog reached a record \$24.5bn at June 30, up from \$23.7bn a year earlier. Changes in the company's tax rate meant its income tax provision was reduced by \$20m in the quarter and \$46m in the first six months.

AIRCRAFT-MAKER PREPARES TAKEOVER DEFENCE

Boeing soars after Pickens move

By RODERICK ORAM IN NEW YORK

SHARES in Boeing soared yesterday in hectic trading following news that Mr T. Boone Pickens, the Texas corporate raider, planned to build up a stake in the company.



Mr T. Boone Pickens, left, plans to build up a stake in Boeing - the latest in a series of audacious but not always successful challenges to the managements of leading US companies. He will be free to buy as much as 15 per cent of its stock.

But Boeing does not know how much Mess, Mr Pickens' main corporate vehicle, might already hold.

The stock rose 57 1/4 to \$53 1/4 on more than 4m shares traded, almost 4 per cent of those outstanding, by late morning as analysts and investors tried to work out the implications of Mr Pickens' move - the latest in a long series of audacious but not always successful challenges to the managements of leading US companies.

Boeing announced late on Monday evening that it had adopted a shareholders' rights plan to deter "coercive or unfair takeover tactics and to prevent an acquirer from gaining control of Boeing without offering a fair price to all shareholders."

The plan appeared to be prompted by notification from Mesa Limited Partnership, Mr Pickens' main corporate vehicle, that it intended to acquire stock in Boeing, the world's largest aircraft maker.

The 30-day waiting period for the filing under the Hart-Scott-Rodino Act ends today unless the US Government makes a highly unlikely intervention.

Mr Pickens will be free to buy as much as 15 per cent of its stock, Boeing believes. It does not know how much Mesa might already hold.

Analysts were generally sceptical that Mr Pickens would attempt a takeover of Boeing which has a market capitalisation of about \$8.4bn at yesterday's price.

But an investment would fit in with his latest change in strategy towards minority holdings in industrial companies, although even 15 per cent would have cost him \$1.3bn yesterday.

Mesa, an oil and gas partnership, and Mr Pickens have in the past

made large investments in or takeover attempts of companies in the same industry.

Although energy prices are rising, it is still hard for Mesa to meet its payout of \$2 per partnership unit and it could face a cash flow shortage of around \$45m this year, analysts calculate.

Consequently, Mesa has been building up stakes in companies outside oil and gas in the hope that the investment income will help meet its cash needs. Mesa shareholders recently approved a change in their partnership agreement allowing the investments.

Current holdings include shares in USX, Colt Industries, Burlington Northern and Owens-Corning Fibreglass. No comment was available yesterday from Mesa or Mr Pickens on their intentions with Boeing.

Boeing is an attractive target for takeover or investment appreciation because its shares have substantially underperformed in the market. Before yesterday's big leap they were trading near their 52-week low of \$42 1/4.

Even after the jump they still trade at only 18 times historic earnings against 23 for the Standard & Poor's index of 400 industrial shares.

Investors have been disillusioned by the company's long run of declining earnings, which was extended to a fourth quarter by release on Monday of its latest results.

Net profits for the three months ended June 30 fell 30 per cent to \$117m, or 75 cents a share from \$169m, or \$1.09, a year earlier.

First-half profits were \$235m, or \$1.51, against \$317m, or \$2.04. Revenues were \$3.48bn against \$4.03bn in the quarter and \$7.24bn against \$7.55bn in the half.

An increase in R & D expenses to \$399m in the first half from \$329m a year earlier was the main reason for the deterioration, Boeing said. It

received aircraft orders for \$7.6bn in the latest quarter, taking the "firm backlog of unfilled orders" to \$29.1bn at June 30 from \$26.4bn a year earlier.

In adopting the plan for shareholders' rights, Boeing acknowledged it was vulnerable to short-term weakness in its share price because of its long production cycles.

The rights plan is of "paramount importance" because of the company's long-term need to "allocate significant financial resources to fund research and development expenses, inventory build up and plant and equipment," said Mr Frank Shrontz, president.

The heavy spending on new civilian and military aircraft programmes should begin to pay off for Boeing by the end of the decade. Meanwhile, it has healthy cash reserves of \$3.3bn and is widely admired for its products and the way it is run.

The "poison pill" defence, triggered when a raider gets 20 per cent of Boeing's common shares, gives shareholders the right to buy junior preferred stock at a nominal value. The stock could only be redeemed in a takeover at a greatly inflated price.

Analysis says Boeing has plenty of other financial room for manoeuvre, such as a recapitalisation, because it has more than \$5bn of shareholders' equity but less than \$300m of long-term debt.

But the best guess of traders and analysts at the moment is that Mr Pickens has staged the theatrics of a Hart-Scott-Rodino filing to help him make a stock play.

They are highly doubtful the Texas oil man has either the resources or the intention to mount a serious challenge to the company which produces half the world's airliners.

Cap Gemini to expand holding in systems integration group

By GEORGE GRAHAM IN PARIS

CAP GEMINI SOGETI, the fast-growing French computer services group, is expanding its activities by buying control of Société d'Etudes des Systèmes d'Automatisme (Sesa), the systems integration company.

On top of the 40 per cent it already owns, Cap Gemini is to buy the 60 per cent stake in Sesa held by Compagnie Générale d'Electricité (CGE), the recently-privatised French telecommunications and heavy engineering group. The remaining Sesa shares are mostly held by its managers.

Sesa, which specialises in packet-switching systems, industrial software and computer engineering for

military and space systems, made net profits of FF4.35m (\$1.09m) last year on sales of FF1.049bn.

Mr Michel Berty, secretary general, said last night the company had identified systems integration, in which it had previously had only a small presence, as a major strategic axis for its development.

Cap Gemini has grown rapidly over recent years, partly through the acquisition of computer services companies in the US and in European countries outside France but has now almost completed its geographic expansion.

The company recently reinforced its position in France by taking a 30

per cent stake in its main domestic rival CISI, a subsidiary of the state atomic energy authority, the CEA.

Recently transferred to a full Paris bourse listing after years on the French second market, Cap Gemini now has a stock market value of FF8.5bn.

For CGE, the sale enables it to shed a peripheral activity only a day after it announced the acquisition of a FF1.15bn stake in Générale Occidentale, the conglomerate with publishing, retailing and forestry interests, from Sir James Goldsmith, the Anglo-French financier.

Inco profits ahead in second quarter

By Robert Gibbons in Montreal

INCO, world leader in the nickel industry, increased second-quarter profits to US\$13.8m from \$5.8m in the corresponding quarter last year on sales of \$422m against \$367m.

Half-year net profit amounted to \$5.8m against \$3.7m previously on sales of \$808m for the earlier \$762m.

Per-share profits amounted to only 11 cents for the quarter and 3 cents for the six months after payment of preferred dividends.

Last year, second-quarter earnings equalled 1 cent a share while the half-year produced a loss of 5 cents.

The Montreal-based group said that its primary metal operations had benefited from higher metal prices in the second quarter, posting net earnings of \$88m, up from \$36m a year earlier.

The average realised price for nickel was \$2 a lb in the latest three months, up from \$1.85 in the first quarter, but down slightly from a year earlier.

The second-quarter returns include a gain of \$3m, against \$11m last time, from the sale of securities.

Goodyear recovery accelerates

RECOVERY at Goodyear, the world's biggest tyre manufacturer, has accelerated with second-quarter net earnings soaring to \$141m from \$108m, boosting first-half returns to \$425.2m from \$454.6m, writes Our Financial Staff.

Earnings per share equalled \$6.63 against 50 cents for the half-year and \$2.47 against 89 cents for the second quarter.

Reynolds buys into Pechiney's Quebec smelter

By Paul Bette in Paris

REYNOLDS Metals, the US aluminium group, has acquired a 25.05 per cent stake in the Becancour aluminium smelter in Quebec by buying half of the controlling interest from Pechiney, the French state aluminium group.

Pechiney said yesterday that Reynolds would enter into the Becancour project by making a \$87.5m cash payment and taking on \$142.5m worth of Pechiney debt in the project. This amounts to half the debts which Pechiney Quebec assumed to finance the project. Pechiney, which is in the throes of major restructuring, had been negotiating since last year the sale of part of its stake in Becancour to Reynolds.

The agreement will now reduce the French group's financial exposure in Becancour from \$460m to \$230m, the company said.

Shareholders in the Becancour plant, which came into production last year, now include Pechiney and Reynolds with 25.05 per cent each, as well as Alumar and SGF, a Quebec government-controlled company with 24.95 per cent each.

The entry of a new partner in the project is now expected to enable the 230,000 tonnes a year smelter near Montreal to consider expanding capacity with a third potline, Pechiney said.

However, the capacity increase will hinge on negotiations with Hydro-Quebec on the energy supply contract for the plant.

Agnelli eyes Monte Carlo TV network

By ALAN FRIEDMAN IN MILAN

THE ITALIAN business empire headed by Mr Gianni Agnelli, chairman and majority shareholder of Fiat, is understood to be interested in acquiring a share stake in Telemontecarlo, a small Monte Carlo-based private television network which broadcasts to Italy.

The Rizzoli-Corriere della Sera publishing group, which is majority-owned by Gemini - a financial vehicle which in turn is indirectly controlled by Fiat - has been holding preliminary negotiations with Rete Globo, the Brazilian concern which holds 90 per cent of Telemontecarlo, say sources close to the talks.

RAI, the Italian state television service which owns 10 per cent of

Telemontecarlo, has not been informed officially, but RAI executives in Rome are aware of Rizzoli's movements.

In Milan, Rizzoli had no comment.

Mr Agnelli has often said he is not interested in buying into the television market. Rizzoli's interest in Telemontecarlo, which could be the harbinger of a larger project, is thus an apparent change in policy.

It was learnt yesterday that Rizzoli has been discussing the purchase of an initial minority stake in Telemontecarlo, possibly up to 40 per cent. Rete Globo, the majority owner of Telemontecarlo, is Brazil's biggest television concern.

American Express to buy back 40m shares

By WILLIAM HALL IN NEW YORK

AMERICAN EXPRESS, the US financial services group, has followed in the footsteps of several other major US blue-chip companies, such as Coca-Cola and Philip Morris, and said it would buy back 40m of its shares - a move which could cost it more than \$1.4bn.

American Express, whose share price has been stagnating in recent months, said on Tuesday that its board of directors had authorised the occasional repurchase, over the next two to three years, of up to

40m shares, or 9.3 per cent of the company's 429m shares.

Mr James Robinson III, American Express' chief executive, said that buying back shares was "an attractive investment and a solid way to build shareholder value."

The latest action extends and doubles an existing October 1985 repurchase programme, under which the company had bought back 39.8m of the 40m shares authorised at an average price of \$29.59.

Continental Illinois brings in Theobald

By OUR NEW YORK STAFF

MR TOM THEOBALD, a vice chairman of Citicorp, has been appointed chairman and chief executive of Continental Illinois, the big Chicago bank which was bailed out by the US Government after a massive run on its deposits in 1985.

Mr Theobald, aged 50, was one of the contenders for the top job at Citicorp when Mr Walter Wriston retired three years ago, and although he has continued to serve loyally under Mr John Reed, Mr Wriston's successor, his name has been frequently canvassed for many of the top jobs in US banking.

His appointment as chairman and chief executive of Continental Illinois Corporation, and its main subsidiary, Continental Illinois National Bank and Trust Company of Chicago, follows growing anxiety in

some quarters of the financial community about the pace of the recovery of America's 12th biggest banking group.

Although Continental Illinois' earnings have been recovering and it has been able to re-establish a presence in the world's money markets, there have been reports of growing friction between Mr John Swearingen, a former chairman of Amoco, and Mr Bill Ogden, a former chairman of Chase Manhattan, who were installed by the US Government to restore the fortunes of the famous Chicago bank.

Mr Swearingen, aged 58, has been known to be keen to retire as chairman of Continental Illinois Corporation, and Mr Ogden resigned as chief executive of the bank earlier this month after it became clear that he was not going to

be given command of the overall group on Mr Swearingen's retirement.

Mr Swearingen said yesterday that it was "important to Chicago for Continental to regain its status as a vibrant, innovative, successful and publicly owned member of the financial and business community and Tom will play a key role in bringing this about."

Citicorp, the biggest US banking group, moved quickly yesterday to fill the vacuum left by the departure of Mr Theobald, who had worked at the group for 27 years and was the youngest of the group's three vice chairmen under Mr John Reed, aged 48.

Mr Michael A. Callen, aged 47, currently in charge of Citicorp's North American institutional banking activities, will replace Mr Theo-

bald as head of Citicorp's investment banking operations.

He has been elected a director of Citicorp and Citibank but will not replace Mr Theobald as chairman of the group's finance committee.

Mr George Davis, aged 52, who spent 22 years with Citicorp before joining First Chicago, is to replace Citicorp and will take over Mr Callen's responsibilities as group executive in charge of North American Finance group.

Mr Reed said on Monday that "Tom and I have had an understanding for several years that, after Citicorp's investment banking activities were successfully launched, he would be pursuing new professional interests. Tom has been a tremendous help to me during the last three years, and we have accomplished a lot."

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June 1987



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\$45,050,000



Formica Corporation

Convertible Subordinated Notes Due 1999

The undersigned advised Formica Corporation in connection with a recapitalization plan which included the private placement of these Convertible Subordinated Notes and an initial public offering of Common Stock.

Shearson Lehman Brothers Inc.

July 1, 1987

EMPLOYEE WELFARE

The Financial Times proposes to publish this Survey on
WEDNESDAY, SEPTEMBER 9, 1987

Topics to be featured include:
OCCUPATIONAL HEALTH
CORPORATE HEALTH INSURANCE
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ACCIDENT-PRONE INDUSTRIES
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US\$50,000,000

Secured Floating Rate Notes Due 1992

Notice is hereby given that the Rate of Interest has been fixed at 8 1/2% and that the interest payable on the relevant Interest Payment Date January 29, 1988 against Coupon No. 6 in respect of US\$10,000 nominal of the Notes will be US\$434.44

July 29, 1987, London
By: Citibank, N.A. (CSS Dept.), Agent Bank

CITIBANK

CITICORP BANKING CORPORATION

(Incorporated with limited liability in the State of Delaware)

US\$50,000,000 Floating Rate Notes due July 29, 1991

Notice is hereby given that the Rate of Interest for the period July 29, 1987 to October 29, 1987 has been fixed at 7.1375% and that the interest payable on the relevant Interest Payment Date, October 29, 1987 against Coupon No. 5 in respect of US\$10,000 nominal of the Notes will be US\$182.40

July 29, 1987, London
By: Citibank, N.A. (CSS Dept.), Agent Bank

CITIBANK

INTL. COMPANIES and FINANCE

First Capital faces full UIC bid

BY ROGER MATTHEWS IN SINGAPORE

UNITED INDUSTRIAL Corporation, the Singapore-based conglomerate, can expect on yesterday's evidence to be cheered all the way to the finishing line following its announcement that it had acquired a 23 per cent stake in First Capital Corporation, the troubled property company, it intends voluntarily to make a full bid.

The Straits Times Industrial average, which had shed more than 23 points on Monday on news that First Capital shares had been suspended for the fourth time in two weeks, bounced ahead 38.92 to close at 1,577.28.

Shares in First Capital put on 20 cents to \$33 while United Industrial added 17 cents to \$83.91.

UIC, whose chairman is Mr Lee Kim Yee, brother of the Prime Minister, has reached

agreement with First City Holdings, the private investment company of Mr Allan Ng, to acquire its 23.9 per cent stake in First Capital on the basis of one new UIC share for two First Capital shares.

Assuming that various approvals are forthcoming, UIC will then offer the same terms for the remainder of First Capital. UIC said yesterday that the acquisition of First City shares by First Capital would, if completed, increase the net tangible asset per share of UIC by about 19 cents.

One market analyst pointed out that by making a full bid UIC would be aiding the many small investors who during this year had helped push up First Capital's share price from 80 cents to a high of \$82.54, as well as those foreign institutions which two weeks ago acquired Standard Chartered

Bank's 18.7 per cent stake in First Capital for \$42.30 a share. They had the unhappy experience of seeing their investment decline in value by more than a fifth within days.

The fall of more than 50 cents in the First Capital share price was triggered by the news that the Commercial Affairs Department of the Ministry of Finance was looking into the original share dealings through which First City acquired its stake in First Capital, then called Seillon Hotels.

The speed of the market's reaction caused concern at senior levels and the UIC offer was put together at the weekend in great haste. The Commercial Affairs Department has yet to make a statement about its findings, but whatever its findings, their impact on overall market sentiment is likely to have been diminished.

If the bid goes through, UIC will at a stroke have become a substantial force in the Singapore property market in addition to extensive other interests. It announced on Monday that it had also reached agreement with United Overseas Land on a joint venture to acquire Goldhill Square, another prime Singapore property, for \$8216.5m (US\$102.6m).

The driving force behind the company is Mr Oei Hong Leong, its chief executive, who holds a 23 per cent stake.

UIC started life in 1963 manufacturing detergents in a joint venture with the Government, but really took off in the early 1980s with the arrival of Mr Oei. Its interests now range from chemicals, electronics and trading to investment management, gold mining and shipping.

Rustenburg confirms plans for Lebowa

By Our Johannesburg Correspondent

RUSTENBURG Platinum Holdings, South Africa's largest platinum producer, has confirmed plans to develop its Atok mine and its Maandagshoek prospect in Lebowa, the black "homeland".

Atok's name is to be changed to Lebowa Platinum Mines (LPH), the mine's property is to be extended into neighbouring ground and the ore production rate is to be almost doubled over the next two years to 50,000 tonnes a month. The Lebowa authorities, which control the homeland's minerals, have given LPH two years to complete the geological and technical investigation of the Maandagshoek property, some 40km south of Atok. Once the investigation has been completed, LPH will have three months in which to decide whether to establish a mine on Maandagshoek to mill 50,000 tonnes a month of platinum-bearing ore there.

If LPH doubles Maandagshoek's production rate to 100,000 tonnes a month within five years of establishing mining operations, the Lebowa Government will grant it exclusive mining rights on the Hoepakrantz and Nooitewacht farms, which stretch southwards from Maandagshoek.

The parastatal Lebowa Development Corporation (LDC) will be given 7.5 per cent of LPH's equity and has the right to buy a further 5 per cent. LPH will eventually be listed on the Johannesburg Stock Exchange, with 15 per cent of the shares being offered to Lebowa citizens.

The agreement is novel for the platinum industry. Until now Rustenburg has not divulged production rates at any of its mines and it has acquired extensive platinum mineral rights in South Africa and its black territories, principally to prevent other companies entering the platinum business.

The Lebowa Government has been concerned for several years that this strategy effectively sterilises the impoverished homeland's platinum reserves and decided earlier this year to give Rustenburg the opportunity of developing its mineral holdings or losing them altogether.

Masonite cuts S Africa holding

BY JIM JONES IN JOHANNESBURG

MASONITE, the Chicago-headquartered building products manufacturer owned by USG, is undertaking an indirect and partial divestment from South Africa.

The American parent owns 60.2 per cent of its South African subsidiary which, in turn, has a wholly owned subsidiary in Britain. The intention is to transfer 55 per cent of the UK company's equity to the US parent, thus reducing the assets owned through South Africa.

In South Africa, Masonite's sales are growing comparatively slowly in an oversupplied building products market. Turnover rose by 10 per cent to R13.1m (\$15.1m) in the first half of this year, which the directors say is satisfactory as demand for mineral fibre ceiling products is depressed by low

office block construction starts. The interim pre-tax profit increased to R3.1m from R2.4m. Net earnings were 34 cents a share against 37 cents and the interim dividend has been lifted to 45 cents from 13 cents. Last year's total turnover was R69.0m, the pre-tax profit was R8.5m, net earnings were 90 cents and the year's dividend was 40 cents.

Metal Closures, the 77 per cent-owned South African subsidiary of the British Metal Closures Group, increased interim sales by nearly 40 per cent to R49.4m from R31.2m, while pre-tax profit rose to R5.7m from R4.5m.

The directors do not expect profits to increase as rapidly in the second half. First-half net earnings were 108.3 cents a share against 83.8 cents and the

interim dividend has been lifted to 41 cents from 36 cents. Blue Circle, the smallest of South Africa's three cement makers, lifted turnover and profits in the first half of this year largely because of higher sales of building materials.

Interim turnover rose to R176m from R148m and the interim pre-tax profit increased to R17m from R19m. In 1986 the year's turnover was R201m and the pre-tax profit R17.5m. First-half net earnings rose to 64 cents a share from 12.3 cents and interim dividends have been resumed with a payment of 20 cents. Last year's total earnings were 72.5 cents and a single dividend of 38.5 cents was paid.

Blue Circle is controlled by Blue Circle Industries of the UK and Gencor, South Africa's second largest mining house.

Amcor chief hits at Australia-NZ curbs

BY CHRIS SHERWELL IN SYDNEY

SHORTCOMINGS in trade and commerce legislation are preventing the establishment of enterprises between Australia and New Zealand, according to Mr Stan Wallis, managing director of Amcor, the Australian timber, pulp and paper group.

His own company's proposed merger with New Zealand Forest Products (NZFP) and another between Goodman Fielder of Australia and Wattle of New Zealand have both been stalled in the present regulatory framework.

Amcor's application is still before the New Zealand Commerce Commission after five months. Its draft report was negative, but a final decision is due shortly. In the Goodman Fielder-Wattle case, the commission's rejection of the merger is currently being appealed through the courts.

The New Zealand commission operates on a "prior clearance" basis, in which it must approve merger and takeover proposals in advance but has no power to negotiate a com-

promise or to accept undertakings. Australia's Trade Practices Commission, by contrast, strikes down mergers which would result in market dominance.

Mr Wallis said in Sydney yesterday there was a "sizeable gap" between the political rhetoric of Closer Economic Relations (the name given to the bilateral agreement encouraging free trade between the two countries) and the reality of both countries' trade and commerce legislation.

Republic New York Corporation

U.S. \$150,000,000

Convertible Capital Notes

For the six month period 27th July, 1987 to 27th January, 1988 the Notes will carry an interest rate of 7 1/2% per annum with an interest amount of U.S. \$380.14 per U.S. \$10,000 Note payable 27th January, 1988.

By: Bankers Trust Company, London Agent Bank

The Prudential Insurance Company of America

U.S. \$500,000,000

Collateralised Mortgage Obligations Series 1986-1

For the period 27th July, 1987 to 25th August, 1987 the Bonds will carry an interest rate of 7.2625% per annum with an interest amount of U.S. \$216.88 per U.S. \$50,000 (the original Principal Amount) Bond, payable on 25th August, 1987. The Principal Amount of the Bonds outstanding is expected to be 74.143006% of the original Principal Amount of the Bonds, or U.S. \$37,071.50 per Bond until the eighth Payment Date.

By: Bankers Trust Company, London

Agent Bank

Republic National Bank of New York

A subsidiary of REPUBLIC NEW YORK CORPORATION
Consolidated Statement of Condition
(In Thousands)

Assets	June 30, 1987		Liabilities and Stockholders' Equity	June 30, 1986	
	1987	1986		1987	1986
Cash and demand accounts	\$ 281,014	\$ 208,830	Non-interest bearing deposits:		
Interest bearing deposits	6,444,010	6,885,974	in domestic offices	\$ 577,471	\$ 475,396
with banks	101,917	123,285	in foreign offices	138,948	71,828
Precious metals	2,919,056	2,886,757	Interest bearing deposits:		
Trading account assets	232,940	58,138	in domestic offices	3,904,187	2,997,201
Federal funds sold and securities purchased under agreements to resell	728,522	19,279	in foreign offices	7,120,126	7,179,338
Loans, net of unearned income	3,736,136	3,431,118	Total deposits	11,740,732	10,724,463
Allowance for possible loan losses	(209,561)	(87,420)	Short-term borrowings	873,770	1,116,188
Loans (net)	3,526,575	3,343,698	Acceptances outstanding	1,988,297	1,894,048
Customers' liability under acceptances	1,987,426	1,898,517	Accrued interest payable	156,570	202,440
Premiums and unearned	250,780	225,215	Other liabilities	403,717	299,372
Accrued interest receivable	495,122	277,653	Long-term debt	550,148	434,248
Other assets	\$17,216,131	\$16,205,340	Stockholders' Equity:		
			Common stock, \$100	355,000	355,000
			shares authorized;	845,000	845,000
			3,550,000 shares	302,887	334,801
			outstanding		
			Surplus		
			Retained earnings		
			Total stockholder's equity	1,502,887	1,534,801
			Total liabilities and stockholder's equity	\$17,216,131	\$16,205,340
			Letters of credit outstanding	\$ 895,086	\$ 713,422

The portion of the investment in precious metals not hedged by forward sales was \$11.9 million and \$6.8 million in 1987 and 1986, respectively.

REPUBLIC NEW YORK CORPORATION

Summary of Results

(In Thousands Except Per Share Data)

	Six Months Ended June 30,		Three Months Ended June 30,	
	1987	1986	1987	1986
Income (loss) before extraordinary item	\$ (31,353)	\$ 76,128	\$ (80,185)	\$ 43,464
Net income (loss)	\$ (47,222)	\$ 63,198	\$ (80,185)	\$ 30,532
Cash dividends declared on common stock	\$ 17,172	\$ 15,523	\$ 8,590	\$ 7,619
Per common share:				
Income (loss) before extraordinary item	\$ (1.25)	\$ 2.54	\$ (2.79)	\$ 1.44
Net income (loss)	\$ (1.79)	\$ 2.06	\$ (2.79)	\$.97
Cash dividends declared	\$.56	\$.50	\$.28	\$.26
Average common shares outstanding	29,412	27,063	29,636	27,743

*Results reflect a special provision for loan losses of \$100 million and losses of approximately \$84 million on marking to market or sales of certain outstandings in lesser developed countries.

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INTERNATIONAL COMPANIES and FINANCE

Commerzbank profit lower at mid-term

BY HAIG SIMONIAN IN COLOGNE

Commerzbank, West Germany's fourth largest bank, reported group partial operating profits for the first half of 1987 of DM 31m (\$287m). The bank did not give figures for the same period last year, but said the results were 9.7 per cent below one half of its partial operating profits of around DM 1.1bn for 1986 as a whole.

The downturn, which was expected, is clear at parent bank level, where Commerzbank's DM 309m partial operating profits in the first six months of 1987 were sharply below the DM 437m earned in the first half of 1986.

However, Commerzbank's total operating profits, which include earnings from own-account trading, were 1.5 per cent higher than last year's, said Mr Walter Seipp, the chief executive.

The decrease reflects the less favourable market conditions facing all the German banks this year.

Competitive pressure on Commerzbank's interest margin was offset by higher business volume, meaning that its interest income of DM 1.08bn at parent bank level for the first six months of 1987 remained static.

However, commission earnings of DM 457m in the first half of this year fell below the DM 78m reached in the corresponding period of 1986 reflecting the lacklustre conditions on the German stock market this year. Nevertheless, the result was "gratifying" in view of the circumstances, said the bank.

Commerzbank's profits for 1987 as a whole are likely to be some way below the record for 1986 on account of the less favourable banking climate and lower results from own account trading.

However, the year's profits will be boosted by realised gains, said Mr Seipp, including the sale of its 35 per cent stake in Sachs, the motor components company, to Mannesmann.

Bank board to investigate share dealings in Gambro

BY SARA WEBB IN STOCKHOLM

SWEDEN'S Bank Inspection Board said yesterday that it would investigate recent transactions in the shares of Gambro, the Swedish manufacturer of kidney dialysis equipment, to see whether there has been a breach of the country's regulations concerning the use of inside information.

Last Friday, Gambro announced that it had agreed to acquire the Hospital Group, a Swiss based company which makes artificial membranes and machines for kidney treatment, for SKr 1.2bn (\$185.8m).

Mr Kjell Arvidsson, a department head at the Bank Inspection Board, said that the Board had noticed "a substantial increase" in the level of trading in Gambro shares immediately before the Hospital agreement was made public, and that it had decided to investigate whether any Gambro employees had made use of inside knowledge about the impending deal.

Turnover in Gambro shares moved from around the 1,500 level earlier in the week to over 20,000 on Thursday (the day before the deal was announced), and the share price moved from SKr 126 on Wednesday to close at SKr 134 on Thursday.

The Bank Inspection Board has recently investigated a number of takeovers where shares of the target companies showed strong increases in price and trading volumes shortly before the takeover plans were made public.

Wolters will not lift terms for Kluwer

Wolters Samsom, the Dutch publishing company, does not plan to raise its friendly takeover offer for Kluwer despite the move on Monday by Elsevier to improve the terms of its offer, writes Laura Raun in Amsterdam.

In a confident statement yesterday Wolters Samsom insisted that its current stock-and-cash tender offer is clearly better than the sweetened stock-and-cash tender offer by Elsevier, also a publisher.

Future prospects of a Wolters-Kluwer combination are favourable, the company reminded the market, noting that earnings per share should leap by 20 per cent to Fl 7.50 this year while the equity-to-assets ratio would average 35 per cent over the coming three years.

But the market appeared sceptical of the proposed merger yesterday and the work of Wolters Samsom's bid largely behind Elsevier's competing offer and Kluwer's share price most of the day.

Elsevier's aggressive move so close to the end of Wolters Samsom's tender offer was generally expected to force the latter to lift its bid for a second time.

Wolters Samsom's recommended offer expires tomorrow and the company will announce on Friday whether it has received the 51 per cent or more of Kluwer's common stock declared necessary for a consummation of the merger.

Wolters Samsom is offering two of its common shares plus one cumulative preferred share and Fl 50 in cash for each Kluwer ordinary share while Elsevier is offering five common shares plus Fl 175 in cash.

Through open market purchases Wolters Samsom has acquired about 5 per cent of Kluwer's common stock and Elsevier at least 30 per cent.

Publishing bid battles have highlighted the inadequacies of investors' rights. Laura Raun reports

Takeover tactics irk Dutch shareholders

DUTCH SHAREHOLDERS are likely to gain more say in the running of their companies as a result of the Fl 1bn (\$478.5m) hostile takeover battle engulfing the local publishing industry.

Elsevier, the second largest Dutch publisher, is waging a takeover battle without precedent for its smaller rival Kluwer in a scrap that has pitted management against investors' wishes.

In part the disregard has arisen because contested bids in the Netherlands are so rare that shareholders do not really know how to react to them. But the wrangle has also served to highlight a number of regulatory anomalies.

Dutch shareholders have virtually no guaranteed rights other than voting on changes to articles of incorporation and dividend proposals; and Dutch disclosure rules are lax and the voluntary code for mergers is vague.

Even if investors wanted to oppose management there is little under the existing regulatory structure that they could do about it.

Board members and supervisory commissions have immense powers under the limited liability structure, including the creation of steeply defences against takeover bids. These anti-takeover devices are so easy to put in place that few domestic or foreign companies have ever attempted to acquire a Dutch company against its will.

This golden age of corporate oligarchy, however, is probably in its final days.

A prestigious panel appointed by the Amsterdam stock exchange two years ago to study shareholders' rights and protection is to report back by the end of this year. The unsightly scramble taking place in the publishing industry is expected to fuel calls for broader rights for investors and narrower ones for managers.

Baron Boudewijn van IJssum, the chairman of the Amsterdam bourse, believes it is finally time that investors got more say in the running of companies. "I agree there is a case for strengthening shareholders' rights to bring them into better balance with those of managers and workers," he said during a recent interview.

He also suggested that more mergers, including contested ones if waged in an orderly fashion, could promote more efficient capital formation, better corporate performance and more precise company valuation.

"Our main concern is to avoid false bids and ill-considered takeovers," he explained. "There must be procedures whereby a company has to make its case clearly and to consult with the shareholders and employees."

The Dutch were among the pioneers of share ownership but the democratic system of one share-one vote eventually gave way to an oligarchic system in which certain shareholders, often company directors, gained control of special rights through "priority shares."

Priority shares give holders the right to veto changes in the incorporation articles, capital



Baron Boudewijn van IJssum: "There is a case for strengthening shareholders' rights"

and supervisory board membership. The guiding principle in the Netherlands today appears to be that the corporate manager is entitled to run a company just about any way he sees fit.

By contrast, shareholders in the US and UK have guaranteed rights to vote on the company management, financial accounts and amendments to articles of incorporation. Requirements in London and New York for the disclosure of market-sensitive information are much more stringent.

One side-effect in the Netherlands of weak shareholder rights is that poor managers

face little threat of being ousted. Equally, troubled companies have less chance of being rescued and turned round while successful companies have limited opportunities for growing stronger through takeovers.

At the moment the wide range of controls available to Dutch managers include the ability to approve their own financial accounts and to appoint their own successors. Priority and preferred shares can be parked — even secretly — in "foundations" friendly to management to protect control.

Kluwer's secret creation of such a friendly foundation where its "crown jewel" of tax and legal publishing businesses were placed out of the reach of Elsevier eventually exceeded the patience of the bourse authorities. Kluwer was ordered to partially dismantle its foundation.

But Kluwer's first line of defence remains in place. Only 36 per cent of its capital is freely traded common stock so that Elsevier will control only a minority stake even if it gets all the ordinary shares. The remaining 64 per cent of the capital is represented by preferred stock placed in friendly hands, plus priority stock.

Another commonly used Dutch defence tactic is the use of share certificates, which sometimes are not convertible and may have only indirect voting rights. An "administration office" controls the shares but has no legal obligations to represent shareholders' interests.

The use of administration offices, friendly foundations

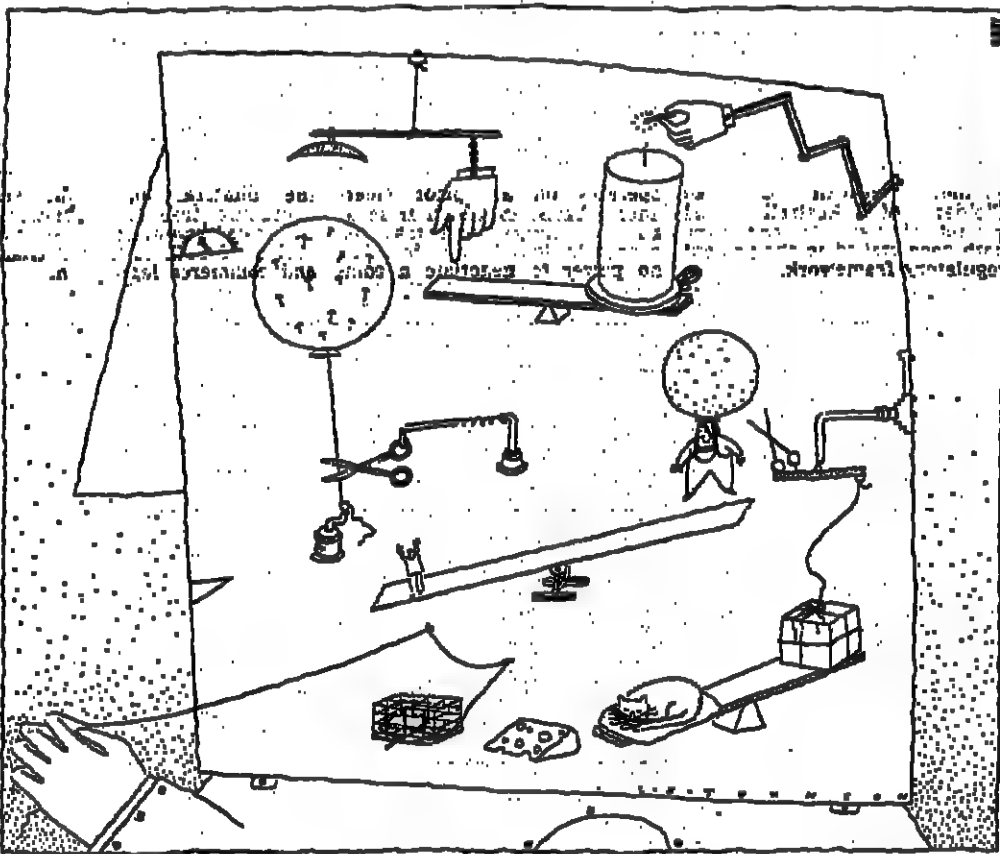
and preferred shares has yet to be tested in the Dutch courts to establish the boundaries of abuse. Elsevier has long been expected to approach the courts in order to prise open the Kluwer defences. But for the moment it still insists that moral persuasion rather than legal force is the best way of achieving an amicable merger with Kluwer.

The Amsterdam stock exchange, in appointing the panel to study shareholders' rights and anti-takeover devices, already has indicated that it wants clearer guidelines for acquisitions. The European Community is struggling to forge a common position that would require companies to publicly announce when they have acquired a certain stake in another concern. But six different thresholds are on the table.

The Amsterdam bourse also wants to see foundations distance themselves more from the company whose shares they hold and to allow only convertible share certificates. Shareholders' rights should be protected so that if a majority supports a takeover they can prevail against management, the exchange contends in an official booklet.

"We're for a more equitable distribution of power," agrees Baron van IJssum, "but we aren't in favour of shareholders having the last word. That leads to short-sightedness and then you get trading in companies."

The rules now favour managers and in the past workers were favoured. Now it's the shareholders' turn."



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The Republic of France

In accordance with the provisions of the Notes, notice is hereby given that, for the three month period 27th July, 1987 to 27th October, 1987, the Notes will bear interest at the rate of 9 1/4 per cent per annum.

Coupon No. 16 will therefore be payable at the rate of £121.90 per coupon from 27th October, 1987.

S. G. Warburg & Co. Ltd.
Agent Bank

Antopista Vasco-Aragonesa, Concesionaria Española, S.A. U.S. \$70,000,000 Guaranteed Floating Rate Notes Due 1995

Unconditionally Guaranteed by
The Kingdom of Spain

Notice is hereby given that for the six month interest period from July 29, 1987 to January 29, 1988 the Notes will carry an interest rate of 7 1/4 per cent per annum. The interest payable on the Notes will be determined by the relevant interest rate on the date of payment of the Notes. U.S. \$70,000,000, U.S. \$70,000,000, U.S. \$70,000,000.

July 29, 1987
The Queen's Palace
Bank, S.A.
London, Agent Bank

This portion of the underwriting was offered in the United States by the undersigned.

July, 1987

5,500,000 Shares

Formica Corporation
Common Stock

This portion of the underwriting was offered in the United States by the undersigned.

4,125,000 Shares

Shearson Lehman Brothers Inc.

Donaldson, Lufkin & Jenrette
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Bear, Stearns & Co. Inc.

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Tucker, Anthony & R. L. Day, Inc.

Bateman Eichler, Hill Richards
Incorporated

Arnhold and S. Bleichroeder, Inc.

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Crowell, Wood & Co.

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IncorporatedLegg Mason Wood Walker
Incorporated

Needham & Company, Inc.

The Ohio Company
IncorporatedCyprus J. Lawrence
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Rothschild Inc.

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1,375,000 Shares

Shearson Lehman Brothers International

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Algemene Bank Nederland N.V.

Crédit Lyonnais

IMI Capital Markets (UK) Ltd.

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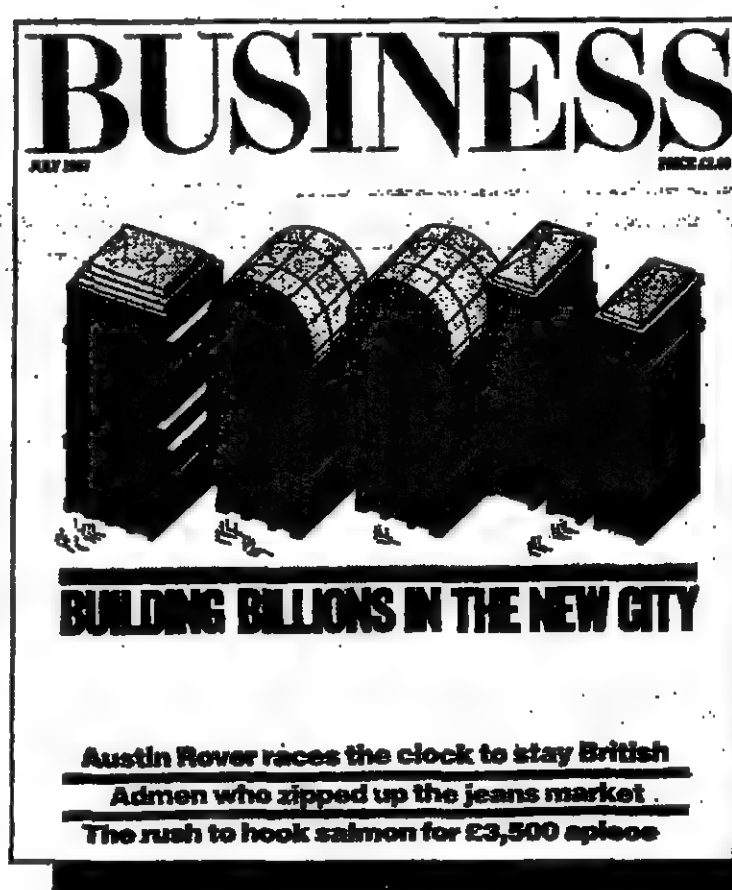
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INTERNATIONAL CAPITAL MARKETS and COMPANIES

BA Investment follows the spin-off trail

THE BUYOUT of Bank of America's London-based international investment management offshoot is the latest in a series of fund management spin-offs from big financial groups. For instance, Warburg's subsidiary, Mercury Asset Management, gained a separate stock market listing earlier this year.

In BA's case the much-publicised problems of the parent have probably increased the attractions of independence for the fund managers. But from the bank's point of view, the money received (which in this case is undisclosed) is insignificant in the context of its doubtful debt problems.

BA Investment Management International is to become Worldinvest, 51 per cent owned by its executives and 49 per cent owned by Monarch Capital, the US insurance company, which is acquiring the stake as a venture capital investment.

Although located in London and with a British staff, BA Investment is virtually unknown in the UK domestic market. Of the \$1.8bn it manages, rather more than half is for US pension fund clients, and the rest is for supranational agencies, international banks and captive insurance companies.

It is mainly a bond management house, this business accounting for around \$1.4bn of the total, but it has moved increasingly into equity accounts, which now total \$1.4bn.

Its main claim to fame is in its achievement in topping the performance league tables, coming first in world equity management over the past five years, and also first in world fixed income portfolios, over one to four years, in both cases in terms of universes monitored by Frank Russell International.

BA Investment has scored Barry Riley explains why a Bank of America offshoot is going it alone

with an aggressive, top-down investment method, in which asset allocation decisions are made in accordance with macro-economic analysis. For instance, there is a "radical approach to currencies. We always tell people to separate out the currency decision," says Mr. Keith Brown, the managing director. "We do not necessarily own the currencies in which we hold assets."

The company was created as a specialist institutional fund management subsidiary in 1983, when Bank of America's activities as a market maker in bonds.

BA Investment has adopted a fully global approach, and will now seek to market this

strategy in other areas, including mutual funds, which were a banned activity under US regulations so long as it was owned by a US bank.

Already BA Investment is in the process of launching a global balanced mutual fund in Canada, and it could start a similar unit trust in the UK before the end of the year. It is also hoping to sign up its first UK pension fund client very soon.

It defines a global balanced fund as having the freedom to invest worldwide in both bonds and equities. It will thus firmly capture the basic asset allocation decisions which have been surrendered by today's multitude of specialised managers. However, it is willing to offer a non-UK as well as a fully global product to UK pension funds.

The spin-off from Bank of America is regarded as having three advantages for the company, which intends to change its name to Worldinvest by September, when the deal is due to be completed.

It frees the investment management business from the curbs imposed by US bank regulators.

Independence will make it clearer to clients that there can be no conflicts of interest, for instance in regard to Bank of America's activities as a market maker in bonds.

It will be easier to recruit and retain good staff if they can be offered equity stakes in an independent business.

SmithKline maiden issue faces difficulties

By Clare Pearson

SMITHKLINE BECKMAN, the US pharmaceutical company, tried to make its debut in the Eurodollar bond market yesterday, but the attempt appeared to have failed as dealers found the issue too expensive.

The \$100m deal followed a number of successful Eurodollar deals in recent days, and was launched against a background of early strength in the US Treasury bond market.

But Credit Suisse First Boston as lead-manager priced the \$1 per cent five-year bond to give an initial yield spread of only 64 basis points over US Treasury bonds, which looked highly aggressive compared with each bank's recent five-year bond for Finnish Export Credit, issued at 60 basis points over the Treasury curve.

So dealers pushed the price as low as 2 1/2 bid at one point, though it ended the day at 2 1/2 bid according to the lead manager.

CSFB defended the pricing by saying that it was largely directed at retail investors and could be compared with

INTERNATIONAL BONDS

a recent bond for Coca-Cola Enterprises which was now trading at levels to give a yield below Treasuries. The bond was priced at 10 1/2.

Nomura International made a point in the market for dollar bonds bearing warrants to buy Japanese equities with a \$200m issue for Showa Denko—the first in the recent spate to carry an indicated coupon pitched above 3 per cent.

The coupon indication of 3 1/2 per cent was believed to be the result of lengthy discussions. Nomura said it was placed above 3 per cent to respond to weakness in this sector of the market by agreeing to a higher level.

The increase appeared to be successful, as the five-year par-price issue was quoted at 2 1/2 bid, within fees of 2 1/2 per cent.

Nikko Securities meanwhile gave a 3 per cent coupon indication for its five-year equity-linked issue, which for Mitsubishi was traded at around its total face.

Swissness officials the Austrian dollar bond market after a weakening in the currency yesterday, but ANZ Mercantile Bank launched an \$450m 1 1/2 per cent three-year deal for Landesbank Schleswig-Holstein, priced at 10 1/2.

Private banks found a firm response in the Danish kroner market for a DKK 500m four-year zero-coupon deal for Mortgage Bank of Denmark. The bond, which was priced at 98 to provide a yield net of 10.6 per cent, was traded within 1 1/2 per cent fees at less 1 bid.

Prices in the D-Mark market eased by between 1 and 2 points in quiet turn-over.

Denmark Bank announced a DEM 200m eight-year bond for European Investment Bank, the first straight D-Mark issue for over three weeks. Dealers speculated that its timing might have been prompted by fears of rising interest rates, as the bond has long been expected.

The bond's coupon was fixed at 8 1/2 per cent, which dealers said seemed unduly slightly low although the bond was priced at a discount at 99 1/2. It was a bid just outside 1 1/2 per cent fees at less 1.50.

In Switzerland, prices remained unchanged in a light volume. Swiss Bank Corporation led a SFR120m par-priced five-year convertible for Sanjo Kokusaku Pulp, carrying an indicated 8 per cent semi-annual coupon.

J. Henry Schroder Wagg said it was extending its exchange offer for perpetual floating rate notes till 9 am on August 6, mainly at the request of Japanese holders of perpetuals. The offer had been due to close on Friday.

Salomon buys Y30bn paper

By Yoko Shibata in Tokyo

SALOMON BROTHERS is believed to have purchased Y30bn (\$200m) in the latest series of two-year government bonds, or nearly 17 per cent of the total bids of Y254.2bn accepted by the Ministry of Finance.

A total of 11 foreign securities houses, including Salomon, First Boston and Goldman Sachs are estimated to have purchased 43.6 per cent of the two-year government bonds, or nearly 17 per cent of the total bids. Daiwa Securities is estimated to have purchased Y30bn and Yamaichi Securities Y15bn.

The MoF offered the 24th series of medium-term government bonds for competitive bidding on Monday, with a coupon rate of 3.3 per cent, up 0.2 percentage point from the previous issue.

BIS sees slower interbank lending

BY STEPHEN FIDLER, EUROMARKETS CORRESPONDENT

THE BANK for International Settlements, the "Basle-based clearing house" owned by the world's leading central banks, has predicted a slowdown at just in the rapid pace of expansion of international interbank lending.

The interbank market, where banks lend to one another, has been growing at an unprecedented rate over the last two years, expanding by \$182.5bn in 1986 and \$448.5bn in 1987. At the end of the first quarter of this year, the market stood at an extraordinary \$2,187.2bn.

BIS figures released yesterday, however, showed interbank lending among its reporting banks, which include those based in most of the world's main financial centres, grew by a modest \$47.9bn in the first quarter. This compared with \$194bn in the final 1986 quarter, and suggested a more than seasonal slowdown in the interbank market's growth.

Apert from the seasonal unwinding of the traditional year-end window dressing by European banks, growth slowed because Japanese banks moderated their interbank activity. This was partly because they reduced arbitrage operations in the interbank market, as expectations diminished of further dollar interest rate declines. The end of a phase in the rebalancing of loans to Japan's new offshore market also contributed to the slowdown.

Interbank business involving banks in the US (excluding business conducted with Japan) contracted by \$15.1bn in the quarter, due to a sharp reduction in claims between the head offices of US banks and

their foreign affiliates, the BIS said. This was unexplained.

The BIS expectation of a more general slowdown, however, is based on its belief that the sharp growth of the last two years has been due to temporary factors:

● The build-up of interbank balances associated with the Japan Offshore Market, which are unlikely to persist.

● Deregulation has allowed a rapid expansion of bank portfolios, particularly those of the Japanese banks which had hitherto been restricted. The effects of this seem bound to decline.

● New capital adequacy requirements introduced last year in Japan are expected to lead to some reassessment of its banks' growth-oriented policies in international markets.

● The sharp depreciation of

the US dollar since 1985 is unlikely to be repeated. This had provided an important engine for growth in dollar business for banks with non-dollar capital, and their capacity to expand dollar business further would thus decline.

However, some factors which contributed to the interbank market's growth will continue to have an effect, the BIS said. These include currency and interest rate uncertainties, exemplified by the large US current account deficit, which are unlikely to disappear in the foreseeable future.

Banks will also continue to use the interbank market to finance their growing portfolios of international securities.

On balance, it seems probable that interbank activity will

continue to play a major role in international financial activity, even though a slowdown in its pace of expansion is likely... and also desirable," the report states.

Although the evolution of the market since 1982 suggests its resilience to such shocks as the international debt crisis, the interbank market has expanded substantially in recent years relative to banks' capital and other financial aggregates, it said.

"The market's potential for transmitting destabilising influences across the world should not be underestimated," the report said. Thus, it concluded: "It is important that the market's future development should be carefully monitored, from both the macro-economic and the prudential points of view."

INTERNATIONAL BANKING AGGREGATES (US\$bn)

	1986	Q1	year	Q1	1986	Q3	Q4	1987	Q1	31/3/1987
Reporting banks' total gross external assets	233.5	60.6	517.5	34.8	81.6	177.7	217.5	65.3	3,419.4	
THE INTERBANK MARKET										
Total cross border claims of reporting banks of which:	182.5	58.1	446.5	28.4	62	164.2	193.9	47.9	2,187.2	
Claims of banks in Japan and other reporting countries on one another	71.3	19.8	248.6	32.1	15.7	77.4	123.4	61.3	618.2	
Claims of banks in the US and other banks (except Japan) on one another	44.1	17.7	70.4	-5.9	15	33.9	27.4	-18.1	528.3	
Claims of banks in Europe on one another	53.9	11.5	81.4	5.5	7.4	27.2	41.3	10.2	643.1	

Source: BIS

Hypobank plans London securities unit

BY HAIG SIMONIAN IN FRANKFURT

BAYERISCHE Hypothekbank (Hypobank), the large West German bank based in Munich, is to set up a securities trading unit in London alongside its existing branch.

The new London office, which will become operational early next year, will start by trading Deutschmark-denominated Euro and domestic bonds, said Mr. Wilhelm Pfeiffer, a member of the board.

According to plans which have only just been agreed by the bank's managing board, sterling Eurobond trading will

follow. Hypobank may also later trade Eurodollar bonds from the large West German bank based in Munich, is to set up a securities trading unit in London alongside its existing branch.

British and German equity dealing could follow, though the bank is adopting very much a "step by step" approach, said Mr. Pfeiffer.

The new office, which will start with a staff of about 10, follows steps by Deutsche Bank and, most recently, BHF Bank,

to set up capital markets operations in London.

Hypobank's decision, though on a smaller scale, again illustrates the growing importance of London as a trading centre for German securities, which has been encouraged by the continued existence of the Boersensteuergesetz, the stock exchange turnover tax.

The German Government has so far failed to honour its election pledge to abolish the tax, which represents "an indirect subsidy for the London stock exchange," said a member of Hypobank's board.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Floating prices on July 29.

US DOLLAR STRAIGHTS

DOLLAR					YEN STRAIGHTS					EURO STRAIGHTS							
STRAIGHTS	Issued	Rate	Yield	Price	Change	STRAIGHTS	Issued	Rate	Yield	Price	Change	STRAIGHTS	Issued	Rate	Yield	Price	Change
Abn-Amro 7 1/2%	1990	7 1/2%	7 1/2%	100.00	0.00	Abn-Amro 7 1/2%	1990	7 1/2%	7 1/2%	100.00	0.00	Abn-Amro 7 1/2%	1990	7 1/2%	7 1/2%	100.00	0.00
Abn-Amro 8 1/2%	1990	8 1/2%	8 1/2%	100.00	0.00	Abn-Amro 8 1/2%	1990	8 1/2%	8 1/2%	100.00	0.00	Abn-Amro 8 1/2%	1990	8 1/2%	8 1/2%	100.00	0.00
Abn-Amro 9 1/2%	1990	9 1/2%	9 1/2%	100.00	0.00	Abn-Amro 9 1/2%	1990	9 1/2%	9 1/2%	100.00	0.00	Abn-Amro 9 1/2%	1990	9 1/2%	9 1/2%	100.00	0.00
Abn-Amro 10 1/2%	1990	10 1/2%	10 1/2%	100.00	0.00	Abn-Amro 10 1/2%	1990	10 1/2%	10 1/2%	100.00	0.00	Abn-Amro 10 1/2%	1990	10 1/2%	10 1/2%	100.00	0.00
Abn-Amro 11 1/2%	1990	11 1/2%	11 1/2%	100.00	0.00	Abn-Amro 11 1/2%	1990	11 1/2%	11 1/2%	100.00	0.00	Abn-Amro 11 1/2%	1990	11 1/2%	11 1/2%	100.00	0.00
Abn-Amro 12 1/2%	1990	12 1/2%	12 1/2%	100.00	0.00	Abn-Amro 12 1/2%	1990	12 1/2%	12 1/2%	100.00	0.00	Abn-Amro 12 1/2%	1990	12 1/2%	12 1/2%	100.00	0.00
Abn-Amro 13 1/2%	1990	13 1/2%	13 1/2%	100.00	0.00	Abn-Amro 13 1/2%	1990	13 1/2%	13 1/2%	100.00	0.00	Abn-Amro 13 1/2%	1990	13 1/2%	13 1/2%	100.00	0.00
Abn-Amro 14 1/2%	1990	14 1/2%	14 1/2%	100.00	0.00	Abn-Amro 14 1/2%	1990	14 1/2%	14 1/2%	100.00	0.00	Abn-Amro 14 1/2%	1990	14 1/2%	14 1/2%	100.00	0.00
Abn-Amro 15 1/2%	1990	15 1/2%	15 1/2%	100.00	0.00	Abn-Amro 15 1/2%	1990	15 1/2%	15 1/2%	100.00	0.00	Abn-Amro 15 1/2%	1990	15 1/2%	15 1/2%	100.00	0.00
Abn-Amro 16 1/2%	1990	16 1/2%	16 1/2%	100.00	0.00	Abn-Amro 16 1/2%	1990	16 1/2%	16 1/2%	100.00	0.00	Abn-Amro 16 1/2%	1990	16 1/2%	16 1/2%	100.00	0.00
Abn-Amro 17 1/2%	1990	17 1/2%	17 1/2%	100.00	0.00	Abn-Amro 17 1/2%	1990	17 1/2%	17 1/2%	100.00	0.00	Abn-Amro 17 1/2%	1990	17 1/2%	17 1/2%	100.00	0.00
Abn-Amro 18 1/2%	1990	18 1/2%	18 1/2%	100.00	0.00	Abn-Amro 18 1/2%	1990	18 1/2%	18 1/2%	100.00	0.00	Abn-Amro 18 1/2%	1990	18 1/2%	18 1/2%	100.00	0.00
Abn-Amro 19 1/2%	1990	19 1/2%	19 1/2%	100.00	0.00	Abn-Amro 19 1/2%	1990	19 1/2%	19 1/2%	100.00	0.00	Abn-Amro 19 1/2%	1990	19 1/2%	19 1/2%	100.00	0.00
Abn-Amro 20 1/2%	1990	20 1/2%	20 1/2%	100.00	0.00	Abn-Amro 20 1/2%	1990	20 1/2%	20 1/2%	100.00	0.00	Abn-Amro 20 1/2%	1990	20 1/2%	20 1/2%	100.00	0.00
Abn-Amro 21 1/2%	1990	21 1/2%	21 1/2%	100.00	0.00	Abn-Amro 21 1/2%	1990	21 1/2%	21 1/2%	100.00	0.00	Abn-Amro 21 1/2%	1990	21 1/2%	21 1/2%	100.00	0.00
Abn-Amro 22 1/2%	1990	22 1/2%	22 1/2%	100.00	0.00	Abn-Amro 22 1/2%	1990	22 1/2%	22 1/2%	100.00	0.00	Abn-Amro 22 1/2%	1990	22 1/2%	22 1/2%	100.00	0.00
Abn-Amro 23 1/2%	1990	23 1/2%	23 1/2%	100.00	0.00	Abn-Amro 23 1/2%	1990	23 1/2%	23 1/2%	100.00	0.00	Abn-Amro 23 1/2%	1990	23 1/2%	23 1/2%	100.00	0.00
Abn-Amro 24 1/2%	1990	24 1/2%	24 1/2%	100.00	0.00	Abn-Amro 24 1/2%	1990	24 1/2%	24 1/2%	100.00	0.00	Abn-Amro 24 1/2%	1990	24 1/2%	24 1/2%	100.00	0.00
Abn-Amro 25 1/2%	1990	25 1/2%	25 1/2%	100.00	0.00	Abn-Amro 25 1/2%	1990	25 1/2%	25 1/2%	100.00	0.00	Abn-Amro 25 1/2%	1990	25 1/2%	25 1/2%	100.00	0.00
Abn-Amro 26 1/2%	1990	26 1/2%	26 1/2%	100.00	0.00	Abn-Amro 26 1/2%	1990	26 1/2%	26 1/2%	100.00	0.00	Abn-Amro 26 1/2%	1990	26 1/2%	26 1/2%	100.00	0.00
Abn-Amro 27 1/2%	1990	27 1/2%	27 1/2%	100.00	0.00	Abn-Amro 27 1/2%	1990	27 1/2%	27 1/2%	100.00	0.00	Abn-Amro 27 1/2%	1990	27 1/2%	27 1/2%	100.00	0.00
Abn-Amro 28 1/2%	1990	28 1/2%	28 1/2%	100.00	0.00	Abn-Amro 28 1/2%	1990	28 1/2%	28 1/2%	100.00	0.00	Abn-Amro 28 1/2%	1990	28 1/2%	28 1/2%	100.00	0.00
Abn-Amro 29 1/2%	1990	29 1/2%	29 1/2%	100.00	0.00	Abn-Amro 29 1/2%	1990	29 1/2%	29 1/2%	100.00	0.00	Abn-Amro 29 1/2%	1990	29 1/2%	29 1/2%	100.00	0.00
Abn-Amro 30 1/2%	1990	30 1/2%	30 1/2%	100.00	0.00	Abn-Amro 30 1/2%	1990	30 1/2%	30 1/2%	100.00	0.00	Abn-Amro 30 1/2%	1990	30 1/2%	30 1/2%	100.00	0.00
Abn-Amro 31 1/2%	1990	31 1/2%	31 1/2%	100.00	0.00	Abn-Amro 31 1/2%	1990	31 1/2%	31 1/2%	100.00	0.00	Abn-Amro 31 1/2%	1990	31 1/2%	31 1/2%	100.00	0.00
Abn-Amro 32 1/2%	1990	32 1/2%	32 1/2%	100.00	0.00	Abn-Amro 32 1/2%	1990	32 1/2%	32 1/2%	100.00	0.00	Abn-Amro 32 1/2%	1990	32 1/2%	32 1/2%	100.00	0.00
Abn-Amro 33 1/2%	1990	33 1/2%	33 1/2%	100.00	0.00	Abn-Amro 33 1/2%	1990	33 1/2%	33 1/2%	100.00	0.00	Abn-Amro 33 1/2%	1990	33 1/2%	33 1/2%	100.00	0.00
Abn-Amro 34 1/2%	1990	34 1/2%	34 1/2%	100.00	0.00	Abn-Amro 34 1/2%	1990	34 1/2%	34 1/2%	100.00	0.00	Abn-Amro 34 1/2%	1990	34 1/2%	34 1/2%	100.00	0.00
Abn-Amro 35 1/2%	1990	35 1/2%	35 1/2%	100.00	0.00	Abn-Amro 35 1/2%	1990	35 1/2%	35 1/2%	100.00	0.00	Abn-Amro 35 1/2%	1990	35 1/2%	35 1/2%	100.00	0.00
Abn-Amro 36 1/2%	1990	36 1/2%	36 1/2%	100.00	0.00	Abn-Amro 36 1/2%	1990	36 1/2%	36 1/2%	100.00	0.00	Abn-Amro 36 1/2%	1990	36 1/2%	36 1/2%	100.00	0.00
Abn-Amro 37 1/2%	1990	37 1/2%	37 1/2%	100.00	0.00	Abn-Amro 37 1/2%	1990	37 1/2%	37 1/2%	100.00	0.00	Abn-Amro 37 1/2%	1990	37 1/2%	37 1/2%	100.00	0.00
Abn-Amro 38 1/2%	1990	38 1/2%	38 1/2%	100.00	0.00	Abn-Amro 38 1/2%	1990	38 1/2%	38 1/2%	100.00	0.00	Abn-Amro 38 1/2%	1990	38 1/2%	38 1/2%	100.00	0.00
Abn-Amro 39 1/2%	1990	39 1/2%	39 1/2%	100.00	0.00	Abn-Amro 39 1/2%	1990	39 1/2%	39 1/2%	100.00	0.00	Abn-Amro 39 1/2%	1990	39 1/2%	39 1/2%	100.00	0.00
Abn-Amro 40 1/2%	1990	40 1/2%	40 1/2%	100.00	0.00	Abn-Amro 40 1/2%	1990	40 1/2%	40 1/2%	100.00	0.00	Abn-Amro 40 1/2%	1990	40 1/2%	40 1/2%	100.00	0.00
Abn-Amro 41 1/2%	1990	41 1/2%	41 1/2%	100.00	0.00	Abn-Amro 41 1/2%	1990	41 1/2%	41 1/2%	100.00	0.00	Abn-Amro 41 1/2%	1990	41 1/2%	41 1/2%	100.00	0.00
Abn-Amro 42 1/2%	1990	42 1/2%	42 1/2%	100.00	0.00	Abn-Amro 42 1/2%	1990	42 1/2%	42 1/2%	100.00	0.00	Abn-Amro 42 1/2%	1990	42 1/2%	42 1/2%	100.00	0.00
Abn-Amro 43 1/2%	1990	43 1/2%	43 1/2%	100.00	0.00	Abn-Amro 43 1/2%	1990	43 1/2%	43 1/2%	100.00	0.00	Abn-Amro 43 1/2%	1990	43 1/2%	43 1/2%	100.00	0.00
Abn-Amro 44 1/2%	1990	44 1/2%	44 1/2%	100.00	0.00	Abn-Amro 44 1/2%	1990	44 1/2%	44 1/2%	100.00	0.00	Abn-Amro 44 1/2%	1990	44 1/2%	44 1/2%	100.00	0.00
Abn-Amro 45 1/2%	1990	45 1/2%	45 1/2%	100.00	0.00	Abn-Amro 45 1/2%	1990	45 1/2%	45 1/2%	100.00	0.00	Abn-Amro 45 1/2%	1990	45 1/2%	45 1/2%	100.00	0.00
Abn-Amro 46 1/2%	1990	46 1/2%	46 1/2%	100.00	0.00	Abn-Amro 46 1/2%	1990	46 1/2%	46 1/2%	100.00	0.00	Abn-Amro 46 1/2%	1990	46 1/2%	46 1/2%	100.00	0.00
Abn-Amro 47 1/2%	1990	47 1/2%	47 1/2%	100.00	0.00	Abn-Amro 47 1/2%	1990	47 1/2%	47 1/2%	100.00	0.00	Abn-Amro 47 1/2%	1990	47 1/2%	47 1/2%	100.00	0.00
Abn-Amro 48 1/2%	1990	48 1/2%	48 1/2%	100.00	0.00	Abn-Amro 48 1/2%	1990	48 1/2%	48 1/2%	100.00	0.00	Abn-Amro 48 1/2%	1990	48 1/2%	48 1/2%	100.00	0.00
Abn-Amro 49 1/2%	1990	49 1/2%	49 1/2%	100.00	0.00	Abn-Amro 49 1/2%	1990	49 1/2%	49 1/2%	100.00	0.00	Abn-Amro 49 1/2%	1990	49 1/2%	49 1/2%	100.00	0.00
Abn-Amro 50 1/2%	1990	50 1/2%	50 1/2%	100.00	0.00	Abn-Amro 50 1/2%	1990	50 1/2%	50 1/2%	100.00	0.00	Abn-Amro 50 1/2%	1990	50 1/2%	50 1/2%	100.00	0.00
Abn-Amro 51 1/2%	1990	51 1/2%	51 1/2%	100.00	0.00	Abn-Amro 51 1/2%	1990	51 1/2%	51 1/2%	100.00	0.00	Abn-Amro 51 1/2%	1990	51 1/2%	51 1/2%	100.00	0.00
Abn-Amro 52 1/2%	1990	52 1/2%	52 1/2%	100.00	0.00	Abn-Amro 52 1/2%	1990	52 1/2%	52 1/2%	100.00	0.00	Abn-Amro 52 1/2%	1990	52 1/2%	52 1/2%	100.00	0.00
Abn-Amro 53 1/2%	1990	53 1/2%	53 1/2%	100.00	0.00	Abn-Amro 53 1/2%	1990	53 1/2%	53 1/2%	100.00	0.00	Abn-Amro 53 1/2%	1990	53 1/2%	53 1/2%	100.00	0.00
Abn-Amro 54 1/2%	1990	54 1/2%	54 1/2%	100.00	0.00	Abn-Amro 54 1/2%	1990	54 1/2%	54 1/2%	100.00	0.00	Abn-Amro 54 1/2%	1990	54 1/2%	54 1/2%	100.00	0.00
Abn-Amro 55 1/2%	1990	55 1/2%	55 1/2%	100.00	0.00	Abn-Amro 55 1/2%	1990	55 1/2%	55 1/2%	100.00	0.00	Abn-Amro 55 1/2%	1990	55 1/2%	55 1/2%	100.00	0.00
Abn-Amro 56 1/2%	1990	56 1/2%	56 1/2%	100.00	0.00	Abn-Amro 56 1/2%	1990	56 1/2%	56 1/2%	100.00	0.00	Abn-Amro 56 1/2%	1990	56 1/2%	56 1/2%	100.00	0.00
Abn-Amro 57 1/2%	1990	57 1/2%	57 1/2%	100.00	0.00	Abn-Amro 57 1/2%	1990	57 1/2%	57 1/2%	100.00	0.00	Abn-Amro 57 1/2%	1990	57 1/2%	57 1/2%	100.00	0.00
Abn-Amro 58 1/2%	1990	58 1/2%	58 1/2%	100.00	0.00	Abn-Amro 58 1/2%	1990	58 1/2%	58 1/2%	100.00	0.00	Abn-Amro 58 1/2%	1990	58 1/2%	58 1/2%	100.00	0.00
Abn-Amro 59 1/2%	1990	59 1/2%	59 1/2%	100.00	0.00	Abn-Amro 59 1/2%	1990	59 1/2%	59 1/2%	100.00	0.00	Abn-Amro 59 1/2%	1990	59 1/2%	59 1/2%	100.00	0.00
Abn-Amro 60 1/2%	1990	60 1/2%	60 1/2%	100.00	0.00	Abn-Amro 60 1/2%	1990	60 1/2%	60 1/2%	100.00	0.00	Abn-Amro 60 1/2%	1990	60 1/2%	60 1/2%	100.00	0.00
Abn-Amro 61 1/2%	1990	61 1/2%	61 1/2%	100.00	0.00	Abn-Amro 61 1/2%	1990	61 1/2%	61 1/2%	100.00	0.00	Abn-Amro 61 1/2%	1990	61 1/2%	61 1/2%	100.00	0.00
Abn-Amro 62 1/2%	1990	62 1/2%	62 1/2%	100.00	0.00	Abn-Amro 62 1/2%	1990	62 1/2%	62 1/2%	100.00	0.00	Abn-Amro 62 1/2%	1990	62 1/2%	62 1/2%	100.00	0.00
Abn-Amro 63 1/2%	1990	63 1/2%	63 1/2%	100.00	0.00	Abn-Amro 63 1/2%	1990	63 1/2%	63 1/2%	100.00	0.00	Abn-Amro 63 1/2%	1990	63 1/2%	63 1/2%	100.00	0.00
Abn-Amro 64 1/2%	1990	64 1/2%	64 1/2%	100.00	0.00	Abn-Amro 64 1/2%	1990	64 1/2%	64 1/2%	100.00	0.00	Abn-Amro 64 1/2%	1990	64 1/2%	64 1/2%	100.00	0.00
Abn-Amro 65 1/2%	1990	65 1/2%	65 1/2%	100.00	0.00	Abn-Amro 65 1/2%	1990	65 1/2%	65 1/2%	100.00	0.00	Abn-Amro 65 1/2%	1990	65 1/2%	65 1/2%	100.00	0.00
Abn-Amro 66 1/2%	1990	66 1/2%	66 1/2%	100.00	0.00	Abn-Amro 66 1/2%	1990	66 1/2%	66 1/2%	100.00	0.00	Abn-Amro 6					

UK COMPANY NEWS

NatWest tops £250m at halfway

BY HUGO DIXON

National Westminster Bank, Britain's largest clearing bank group, yesterday announced pre-tax profits of £251m for the six months to June 30—£100m more than the market had been expecting—compared with £184m last time.

This half's profits, however, were achieved after making a £495m charge against profits for Third World debt provisions.

NatWest's results were helped by a strong performance from domestic banking, where profits grew 71 per cent to £325m pre-tax. This is understood to be split about 60:40 between personal and corporate banking.

National Westminster Home Loans, where the mortgage book grew 31 per cent to £4.5bn, contributed £37m (£22m). Lord Boardman, group chairman, said he was not worried that the growth in lending was storing up bad debts for the future.

The bank has increased the

number of current accounts by a net 160,000 over the past six months. Current account deposits as a proportion of total sterling deposits are 29 per cent compared with 27 per cent at the same time last year.

On the corporate side, NatWest claimed it is now the leading bank for small businesses with a 31 per cent share of new accounts.

The group's related banking services division also performed well, earning profits of £84m (£53m). Of this, Lombard North Central, the group's finance house, contributed £48m (£40m) and National Westminster Insurance Services, its insurance broker, added £13m (£7m).

There was strong growth from Financial Investment Services, the old tax and trustee offices which now have more than £8bn in funds under management, and registrar business. The retail stockbroking side made a small loss, but the group's eventual ambition is to

have 20 per cent of this market.

Profits from investment banking at £2m (£1m) were hit by the costs of building up NatWest Investment Bank's presence in New York and Tokyo. The group refused to specify these costs, but said they would continue throughout this year and next.

There was a loss of nearly £5m from Eurobond trading and a small loss on gilts trading. These were balanced by profits from corporate finance, fund management and equity dealing.

The £270m loss on international banking (£116m pre-tax) was a result of £486m in Third World debt provisions. This was more than the £468m the group had predicted when it announced last month its intention to make the provisions because of adverse movements in exchange rates and an accumulation of £16m in unpaid interest from Brazil and other countries.

NatWest's total Third World debt cover is £586m—or 28.5 per cent of its £205bn in loans to 35 problem countries, including South Africa. The provisions vary between 14 per cent to 100 per cent, according to how risky the group thinks each country is.

The group made total provisions of £564m (including its provisions for domestic lending) and switched £108m from general to specific provisions. Primary capital as a percentage of total assets is 6.9 per cent.

The group is assuming it will get full tax relief amounting to £140m for loans booked in the UK. It is not assuming any tax relief, however, on the £220m (£138m) booked by its US subsidiary.

The group expects to pay tax at 36.3 per cent (£88.6 per cent), giving post-tax profits of £169m (£296m). Earnings per share fell from 21p (51p) and an interim dividend of 8p (7p) has been declared.

See Lex

BAA ends brisk first day at 146p

By Richard Tomkins

First-day dealings in the shares of BAA, formerly the British Airports Authority, yesterday found market makers protecting themselves against an overloading of their settlement systems by setting unusually wide dealing spreads.

The 100p partly-paid shares were sold at a mid-price of 142p and hovered between that level and 147p during the day to close at 146p. Volume was a brisk 134m trades, meaning that 67m shares changed hands—equivalent to 13 per cent of the whole 500m share issue.

Only seven securities firms made markets in the shares, compared with 20 or more on the first day of dealings in British Gas and 17 for British Airways. A week earlier 12 had been proposing to make markets, but five dropped out because of fears about the strains their settlement systems might be imposed by a flood of small deals.

These remaining showed few signs of wanting to compete for volume yesterday. All set dealing spreads of 5p at the start of dealings and maintained them throughout the day. In earlier private placement issues the spread has customarily been 3p.

One market maker said firms were anxious to contain the level of business following the Stock Exchange's warnings about backlogs in the settlement system. "We took the view that if we were going to do business on a commercial basis, taking into account the volume, the cost of settling and any possible movement in the price, then things closer than a five-point spread would be unreasonable."

The first-day price was closely in line with expectations and proved to be less volatile than those of other privatisation issues. This was widely put down to the effect of the tender offer, which put a quarter of the issue in the hands of mainly institutional investors at an average price of 290p on a fully-paid basis.

Many small investors sold their 100-share allotments, yielding profits of up to £4,000 each less about £18 in dealing costs. National Westminster Bank, which offered a dealing service at main branches, did a record 36,000 deals costing with 23,000 for British Gas.

The extent of the strain on settlement systems will only become apparent as the paperwork is completed over the next few days. Yesterday, however, the Stock Exchange was playing down fears of any imminent collapse.

Rockwood suspended

Shares in Rockwood Holdings, the USM-quoted industrial and security company, were yesterday suspended at 133p at the company's request, pending a further announcement.

TSB waits for Panel's decision on Hogg bid

BY NICK BUNKER

TSB, the banking group, is likely to know by lunchtime on Friday whether or not it can bid again immediately for Hogg Robinson, the new travel, estate agency and financial services group formed from a demerger of the old Hogg Robinson group.

The Takeover Panel said yesterday that it would hold a full meeting on Friday morning to discuss the situation. It said it had to consider how to apply rule 35 of the takeover code, which says that if a bid fails the bidder must wait 12 months before making another offer.

TSB's £225m bid for Hogg Robinson lapsed on Monday when Hogg's shareholders voted to back the group's plan to split its travel and estate agency side

away from its insurance broking business, which has been renamed Hogg Robinson and Gardner Mountain.

TSB had planned to sell the insurance side to Dewey Warren, a Lloyd's reinsurer broker. Mr Philip Long, Dewey Warren's deputy chairman, stressed that his company had not asked the Panel to rule on the matter.

Mr Long directs insurance investments for Bell Group International, the investment vehicle of Mr Robert Holmes & Court, the Australian financier. Bell holds 42 per cent of Dewey Warren.

Mr John Hignett, a managing director at Lazard

Brothers, TSB's merchant bank adviser, said the Panel would be "breaking new ground" on Friday. This is because the wording of rule 35 makes no reference to demerger situations, and because the TSB/Hogg case is apparently unprecedented.

Lazard's argument before the Panel will be that the 12-month moratorium cannot apply because the demerger has created in effect two entirely new companies, Hogg Robinson, and Hogg Robinson & Gardner Mountain.

It is thought that this Friday's meeting will be only the second to be chaired by Mr Robert Alexander, the barrister.

Chloride reorganises in East

BY NIKKI TAIT

Chloride, the previously-troubled batteries group, yesterday announced that it plans to reorganise its Indian and south-east Asian interests into a new company, Chloride Eastern, part of which will be floated—probably on the Singapore Stock Exchange.

The reorganisation should net Chloride around £18.2m, and Merrill Lynch, the US investment bank, will underwrite the offer to guarantee the money. The company envisages Eastern acquiring its 51 per cent interest in Chloride India, the 100 per cent-owned Singapore company, the 30 per cent Malaysian interest and two other businesses in Sri Lanka and Thailand. Chloride Eastern will then float off 49.99 per cent of its shares, leaving Chloride with the controlling interest.

The deal comes alongside a "strategic alliance" between Chloride and the Indian Birla family, the highly diversified group which currently ranks as India's largest family of companies. It will say Mr Kent Price, Chloride's new chief executive, allow the UK company to take "full advantage" of market and growth opportunities in the region.

The Birla group is expected to take some equity stake in both Chloride India and in Chloride Eastern. It will also probably have some boardroom roles.

Chloride says the net asset of the company being acquired by Eastern stood at £20.8m in March, of which Chloride's interest amounted to £10.3m. The book value of the assets, however, is substantially lower,

according to Mr Price. Their net profit before tax was £8.5m, and the Chloride says this figure will be unaffected by the restructuring. However, at the attributable level profit was £2.5m after tax and minorities and here there will be a small reduction as a result of the deal.

However, the money raised will go to reduce gearing—net borrowings at the year end were £24m.

The deal was signed just hours before the company's annual meeting yesterday and, in contrast to earlier years—shareholders gave the revitalised Chloride a smooth ride. With near-unanimity, they approved proposals for early conversion of convertible preference stock, removing dividend arrears and allowing the payment of ordinary dividends.

Tace held in check by US

Tace, manufacturer of electronic, electrical and mechanical control equipment, reported a slight increase from £1.7m to £1.8m in pre-tax profits for half year to March 31, 1987.

The directors said that profits from Andersen, of Atlanta, US, group were materially down due to customer confusion caused by continued delay in the promulgation of the FPMG and pollution regulations by the US Federal Authorities.

The regulations have finally become law and the delayed orders are now being received. Sales have started to recover strongly and Andersen's profits which are still tax free will increase towards the end of the last quarter and are expected to show strong growth throughout next year.

On prospects, the directors

said orders received for the products in all major markets show encouraging increases, output is rising, increased profits are expected in the second half and a sound basis has been laid for the next financial year.

Trading profits for the period amounted to £2.14m (£1.93m) and net interest payable was £241,000 (£245,000). Tax took £463,000 (£483,000) and outside interests £472,000 (£498,000). Earnings per share were 12.5p (14.5p).

● Comment

The City reduced its profits forecasts for Tace after the appointment at Andersen of instruments and the US exchange rate cost Tace but the slightest interim

improvement, but the shares echoed the market's more optimistic view of the company's long term future, rising 5p to 465p. Profits from the flood of orders following the delayed passing of the new anti-pollution regulations—which are at least double previous figures and full-year contributions from Sampling Technology and Plastic Systems should benefit next year's figures, while 32.5 per cent owned Goring Kerr's orders are rising some 60 per cent higher than last year in the US and Canada. Around £3.8m is expected for the year-end, against the original figure of around £4.2m, but in 1988 expectations rise to around £5.2m. That means a prospective 5p of just under 17 will fall to around 14, making the company look more attractive medium to long term.

Acquisitions behind WPP acceleration

WPP, the small marketing services company which last month sealed an ambitious \$566m bid for the esteemed New York ad agency and PR company, JWT Group, yesterday and combined news of a sharp increase in first half profits from its existing business with further details of profit improvement, account movements and asset revaluations at JWT.

For the six months to end-June pre-tax profits up from £450,000 to £3.3m on turnover increased from £4.4m to £37.3m.

The figures partially reflected the very rapid rate of acquisition by WPP, involving some 15 deals (aside from JWT) over a two-year period and which have been acquisition accounted.

At an earnings per share level, however, there was a significant advance—up from 4.36p to 15.11p. WPP said that the rate of organic growth in marketing services was over 20 per cent and the figures reflected an improvement in performance operating margins from 7.8 per cent to 8.4 per cent.

On JWT itself, WPP revealed that the company returned to "significant profitability and satisfactory margins" in the second quarter. In the first three months, it suffered a £1.4m net loss against a £5.1m profit.

Yesterday Mr Sorrell, WPP's chief executive, pointed out that margins had improved by around two percentage points to around 10 per cent.

WPP said it had found scope for revaluing or selling assets

to the tune of \$10m over book value. This, according to Mr Sorrell, relates primarily to non-US property, some in Japan.

WPP also said that two JWT clients—Ford Motor Company and Chevron—had decided to reduce business with the agency in the light of the takeover.

● Comment

WPP maintains that its figures were not brought forward in the light of its tumbling share price—down from over £11 at the start of the JWT bid to 88p—after yesterday's 10p rise. Still, Mr Sorrell's 24-hour trip to the UK should have smoothed some ruffled feathers: the first half advance is impressive, and compares with brokers' estimates of around £3m. But that matters

little besides JWT. The return to profitability in the second half is not in itself surprising—in the previous year there was a £3.6m bounce at the net level between the first two quarters—but the margin news is encouraging. The asset revaluation should give useful flexibility, while the account spinning will not hit until 1988. Enthusiasts reckon on £12m pre-tax this time—with £4.5m-£5m coming from five months of JWT—and perhaps £20m next. Only time will tell whether Mr Sorrell's financial skills will squeeze the additional margins out of JWT without seeing clients and staff go through the door. Yet again, his track record is spot-on, but a historic p/e of 87 times and a prospective of over 30 on 1987 earnings and 25 times on 1988's, leaves no room for error.

Aitken Hume advisers approach Panel

BY STEVEN BUTLER

MORGAN GRENFELL, the financial advisers to Aitken Hume, yesterday informally approached the Takeover Panel concerning a submission of evidence indicating that a general offer for the company may be required under the Takeover Code.

The Panel staff is now studying the materials assembled by Mr Lawrence Strenger, from Aitken Hume director whose re-election at Thursday's annual

meeting is being opposed by a majority of board members.

The Aitken Hume board is scheduled to meet this morning to decide what to do formally with the submission.

The materials are designed so that the Takeover Panel can determine whether major shareholders controlling over 30 per cent share have acted in concert. This would trigger a requirement under the Code

that a general offer for shares be made.

Mr Strenger's re-election to the board is expected to be opposed at the AGM by the Saudi Investment & Finance Corporation, represented by Mr Zaid Ididly, and Mr Lee Ming Tee, the Australia-based Malaysian financier who each control just under 25 per cent of the shares.

Under US Securities and Exchange Commission regulation,

if an individual or concert party comes to control over 25 per cent of shares, this would be deemed a change in ownership, and mutual fund management contracts with Aitken Hume's US subsidiary, National Securities and Research Corporation, could be cancelled. NSR currently has about \$3.5m of funds under its management, and is responsible for about 85 per cent of Aitken Hume's profits.

Weir buys Mather pump arm

BY NIKKI TAIT

Weir Group, the Scottish-based engineering group, yesterday announced that it was buying the loss-making pump manufacturing arm of Mather & Platt from Wormald International, the Australian fire protection and security company, for an effective £11.5m.

The precise purchase price, to be paid in cash, will be equivalent to net asset value at Mather and Platt Machinery on

July 27. Management accounts at end-June suggested a figure of £8.5m. In addition, Weir will take on a £3m medium-term loan to the company—its only debt. So far, the Scottish company has handed over £7.5m and the rest will be settled when accounts are completed.

Wormald acquired Mather and Platt in 1978 for £32m. The pump manufacturing arm, however, has been in the red over

the past 12 months: it reported a £949,000 loss in the year to end-June.

However, Weir said yesterday that part of the company's problems appeared to stem from a policy of targeting new product sales at the oil industry.

Weir maintains that the acquisition will augment its own pump product range and that there is considerable scope for cost savings and increased

Extel pref offer

United Newspapers' offer for Extel Group's preference shares has lapsed after winning acceptance from fewer than 37 per cent of the shares. United will continue to pay the 10.5 per cent dividend on the £55,000 undated £1 preference shares.

Institutional shareholders snubbed United's 165p offer because the 8.73 per cent exit yield fell well short of their current consensus figure of 12.5p per share. This would have required a price of 220p.

DIVIDENDS ANNOUNCED

	Current payment	of pending payment	div	Corres	Div	Total
BCE	20.8	Sept 24	0.45	0.45	0.45	0.45
Matthew Clark	5.5	Oct 5	0.9	0.9	0.9	0.9
Thomas Jordan	1.35	—	1.25	—	1.25	1.25
Kenyon Securities	48	Oct 1	7	12	10.4	10.4
Mount Charlotte	0.7	Oct 27	0.61	—	1.63	1.63
Murray Smith	1.2	Oct 5	0.9	—	1.65*	1.65*
Murray Smith	0.55	Jan 4	0.48*	—	1.65*	1.65*
Nat Westminster	8	Aug 28	7	—	20.5	20.5
Questel	int 22.4	Oct 2	2.2	—	4.75	4.75
Radius	int 21.25	Oct 2	1	—	4.25	4.25
Rights and Issues	int 11.2	Sept 18	2.84	—	8.52	8.52
Trencher West	int 11.05	Oct 9	0.83*	—	3.08*	3.08*
WPN Group	int 1.5	Jan 4	1.25	—	3.2	3.2

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition. ‡USM stock. §Unquoted stock. ¶Third. ¶Per income share.

Hawley Group Limited

Listing on
Australian Stock Exchange

The issued common shares of Hawley Group Limited are now quoted on the Australian Stock Exchange.

The Hawley Group is one of the world's largest international service groups, operating in Cleaning and Building Services, Hospital Housekeeping and Food Services, Security and Communication Services, and Auction Services.

Australian Financial Adviser

Morgan Grenfell Australia Limited

Sponsoring Broker

Hordern Utz & Bode Limited (Sydney)

GRANVILLE SPONSORED SECURITIES

High Low	Company	Price	Change	Gross Yield	P/E
206 133	Ass. Brit. Ind. Ordinary	206	—	7.3	5.5 12.6
206 146	Ass. Brit. Ind. CULS	206	—	10.0	4.9
40 34	Armistice and Rhodes	40	—	4.2	10.8 6.8
142 87	BBS Design Group (USM)	125nd	—	2.1	1.6 19.9
160 108	Bardon Hill Group	180nd	+1	2.7	2.4
176 55	Bny Technologies	175nd	—	2.7	14.0
248 130	CCL Group Ordinary	248	—	11.5	4.8 8.4
137 80	CCL Group 11pc Conv. Pref.	137	—	15.7	11.0
153 138	Carborundum Ordinary	153	—	5.4	3.8 13.3
94 91	Carborundum 7.5pc Pref.	93	—	10.7	11.8
108 87	George Blair	108	—	3.7	3.4 2.8
143 119	Isla Group	120	—	3.6	4.5 8.4
76 53	Jackson Group	76	—	3.6	4.5 8.4
49 321	James Burrough	440nd	—	18.2	4.1 10.0
97 85	James Burrough Sp. Pref.	97	—	12.9	13.3
780 510	Multihouse NV (AmstSE)	520	—10	—	20.6
518 251	Record Ridgway Ordinary	518	+3	1.4	10.5
88 83	Record Ridgway 10pc Pref.	84	—	14.1	18.8
91 80	Robert Jenkins	80	—	—	3.5
124 42	Sensorms	124nd	—	—	—
185 141	Torday and Carlisle	155	+2	8.6	3.4 9.5
420 321	Trevian Holdings	420nd	—	7.9	1.9 8.7
131 73	Unilock Holdings (SE)	127nd	—1	2.8	2.2 23.4
197 115	Walter Alexander	197	+2	5.9	3.0 14.8
186 150	W. S. Yeates	153nd	—	17.4	8.9 19.5
175 55	West Yorks. Ind. Hosp. (USM)	137	—	5.5	4.0 14.5

Granville & Company Limited
8 Lovell Lane, London EC3R 8EP
Telephone 01-611 1212
Member of FIMBRA

Granville Davies Coleman Limited
27 Lower Lane, London EC3R 8DT
Telephone 01-611 1213
Member of the Stock Exchange

HONORBIT GROUP PLC

(Incorporated in England under the Companies Act 1985, Registered No 2102853)

PLACING

BY
JACOBSON TOWNSLEY & CO

OF

8,000,000 Ordinary shares of 5p each at 20p per share.

SHARE CAPITAL

Authorized
£1,500,000

Issued and to be issued fully paid
£1,230,444.25

All the £480,000 Ordinary shares in issue following the Placing will rank in full for all dividends and other distributions hereafter declared, paid or made on the Ordinary share capital of the Company.

The business of Honorbit Group PLC is design, importation and distribution of quality mens' clothing.

Application has been made to the Council of The Stock Exchange for the grant of permission for the Ordinary shares of the Company to be traded on the Third Market Subject to the granting of permission, dealings in the Ordinary shares of the Company are expected to commence on 30th August 1987. It is emphasized that no application has been made for these shares to be admitted to the Official List nor for permission to deal in these securities in the United States Market.

Particulars relating to the Company are available in the Brief Third Market Service and copies may be obtained during normal business hours on any weekday (Saturdays and Bank Holidays excepted) up to and including 14th August 1987 from:

JACOBSON TOWNSLEY & CO
The Quadrant, 4 Cribben Street,
London EC2A 4BT.

Transactions in the Ordinary shares of the Company will be effected in accordance with the rules and regulations governing the Third Market of The Stock Exchange. This investment may carry a high degree of risk.

29th July 1987

UK COMPANY NEWS

Suter takes 7.8% stake in Amari

Amari, the metals and plastics processor and distributor, was last night surrounded by bid speculation after the acquisitive conglomerate Suter disclosed a 7.8 per cent stake in its equity.

Although no other companies have a declared holding in Amari it is believed that at least two have stakes just below the 5 per cent level at which disclosure is mandatory.

Companies thought to be interested include Evered Holdings, the industrial conglomerate headed by brothers Raschid and Osman Abdullah, and Glynwed International, the fast-growing Midlands engineer. Neither company was available for comment last night.

Mr David Abell, Suter chairman, said he did not intend to make a bid for Amari at present but he would keep his company's options open for the future.

Suter began buying shares in Amari last year but only took its stake above 5 per cent last week. Analysts expect it to announce further share purchases shortly.

Since the beginning of June shares in Amari have risen about 50 per cent in value and last night they closed up 4p at 219p. At this price the company is capitalised at £70m.

Mr Peter Dupont, metals analyst at stockbroker Phillips and Drew, expects about £7.5m profits this year.

James Ferguson

Mr Guy Cramer yesterday stood down as chief executive of James Ferguson Holdings, the financial services company, and has been replaced by Mr Peter Clowes, currently chairman.

Also announced was the placing with institutions of 2.25m shares owned by Mr Cramer or by Cramer (Holdings) and the writing of option agreements over a further 750,000 shares. Mr Cramer remains a "modest shareholder" in James Ferguson, said Mr Clowes last night.

Stanley suspended

A. G. Stanley, the stores and wallpaper group whose share price has more than doubled since the start of the year, yesterday requested a halt in trading of its shares pending an announcement. At the suspension price of 168p, up 11p, the company is capitalised at about £44m.

C and W confident

Sir Eric Sharp, chairman of Cable and Wireless, told shareholders at the annual meeting yesterday that the group "readily accepted" the challenge of becoming one of Britain's 51st companies in terms of profits over the next five years. Last year, the group generated profits of £341m on sales of £113m.

"Our strategies have caught the attention of our allies and also our competitors as we forge ahead," he added.

Sir Eric revealed that Mercury, Cable and Wireless's telephone-operating company in the UK, had traded profitably before depreciation charges last month, and expected to be in profit after depreciation "in the very near term." He sounded an optimistic note about the future of the group's activities in Hong Kong after the change of sovereignty in 1997.

Mount Charlotte £100m deal: profits up 30%

BY TERRY POVEY

Mount Charlotte Investments yesterday announced interim pre-tax profits up 30 per cent at £10.9m and the hotel group's second major acquisition this year—the £100m purchase of three hotels from International Leisure Group. In April it acquired London Park Hotels for a £37m net consideration.

The deal with Mr Harry Goodman's ILG consolidates Mount Charlotte's position as the UK's second largest hotel chain operator—Trust House Forte is a long way in front.

The three hotels being acquired—the Grosvenor at Victoria, the Charing Cross and the New Barbican Hotel—take the total operated by Mount Charlotte to 65 and the number of bedrooms offered to 2,900 of which just over half are in London.

The consideration for this acquisition will be satisfied by the issue of 62.7m shares (including 1.93m for expenses) at 158p—these have been conditionally placed with institutions but merchant bankers Robert Fleming are offering a 19-40-77 clawback to existing shareholders.

Mr Robert Peel, Mount Charlotte's managing director, said yesterday that he was confident that there would be no

dilution in earnings this year as a result of the acquisitions. "As the additional overhead cost of running these three hotels will be minimal, the profit contribution from them will all come through to our bottom line," he added.

Although valued by ILG at almost £55m (as of March 1986), the three hotels have been revalued to £96m by Mount Charlotte.

Mr Goodman said that the sale price "represents a substantial return on the investment we have made and we can make better use of our resources in the planned expansion of our airline activities."

Mount Charlotte's interim results to July 12 had turnover ahead to £41.8m (£32.9m) and trading profits up 37 per cent at £13.55m. Pre-tax profits were posted after interest paid of £2.62m (£1.5m) and compared with £9.38m in the first half of 1986.

Earnings per share were 3.5p (3.3p) on which an interim dividend of 0.7p (0.61p) is being paid. Retained profits were £7.02m (£5.89m).

● comment

London property deals cur-

rently have the the unique feature that vendor and purchaser can credibly walk away claiming a coup—ILG has cleared £42m on its less than two year investment in these three hotels and Mount Charlotte believes that at £92,000 a room it has bought going concerns at a bit less than new build prices. Contributions from the three hotels to March were believed to be near £5m pre-interest and forecasts for Mount Charlotte for this year have been raised to £26m to reflect part of this. Next year £40m is in view—although the creeping upwards of the tax charge plus the impact of convertible pref stock will see earnings rise about 15 per cent to 9p. This deal boosts Mount Charlotte's net asset value by £96m and pro forma shareholders funds to around £275m while net debt remains circa £50m. However, the price of all this new Mount Charlotte paper could be a dull short-term as institutions top slice and accept an element of dilution rather than chip in for the very tightly priced clawback. At 18 times this year's forecast earnings and 16 times next year's on 157p, the company is close to the sector's top end.

Busy time for Thomas Jourdan

AFTER A slow start by the trading companies, the Thomas Jourdan group picked up for a marginal increase in pre-tax profits at £527,000 (£518,000) in the first half of 1987.

The directors reported that all companies were very profitable and orders were greater than at any previous time. Gearing up to meet the required extra production was part of the long term plan to improve manufacturing capacity and efficiency, they said.

Group has interests in the manufacture of trouser presses, holds Mary Quant royalty contracts for cosmetics, hostelry and footwear, and makes nursery and furniture products.

Turnover in the half year rose to £6.96m (£6.35m) and the operating profit to £720,000 (£666,000), shared by trading

profit £276,000 (£230,000) and royalties £144,000 (£135,000). Earnings worked through at 3.34p (3.23p) per share and the interim dividend is raised to 1.25p net (1.25).

The directors said the acquisition policy was being pursued and they hoped to report further results soon.

● comment

Archie McNair seems less concerned at having produced virtually flat interims than with his plans for expansion, although the market was unimpressed, leaving the shares flat, too, down just 1p at 51p. But beyond saying he is in active talks with consumer products manufacturers he will not be drawn on the likely direction of the acquisitions. Certainly Jourdan's mix could not be less

logical in industrial terms than it is already: prams, fire surrounds, cosmetic brushes and trouser presses, with the Mary Quant royalty contracts as the cherry on the cake. The key, however, seems to be niche businesses with good margins, and the latest purchase, the upmarket kitchen supplier Woodstock, is expected to make a good contribution in the second half. The unravelling of the complex cross-shareholdings with Mary Quant Holdings should be completed by the end of September, and the resulting 11 per cent fewer shares should help earnings. The City is looking for around £2.8m pre-tax, which produces a prospective p/e of around 16, although acquisitions could change the picture entirely.

Lee Cooper calls for £14.3m

BY DAVID WALLER

Lee Cooper, the jeans manufacturer and retailer, yesterday announced a deeply discounted one-for-four rights issue to raise £14.3m net of expenses.

The proceeds will be used to cut borrowings, which have built up to more than £17m in the past 18 months as the company has made a series of acquisitions worth a total of £18m in order to diversify from jeans

manufacturing. The latest of these was the purchase for £5.9m in March of 38 Stage women's fashion stores from Martin Ford.

After the issue, Lee will be left with £4m-£5m borrowing, under 10 per cent of the enlarged shareholders' funds. Mr Willi Mussmann, finance director, said that that would provide a base for further expansion in European retail businesses.

The shares are being offered at 180p per share, against 327p yesterday, after falling 7p during the day. Because of the large discount, the issue has not been underwritten.

Mr Mussmann said that Compagnie de Navigation Mixte SA, the Paris-based company which has acquired 19.3 per cent of Lee Cooper, had indicated its willingness to take up its entitlement to new shares under the issue.

A Walker spends £21m on acquisition

BY PHILIP COGGAN

Alfred Walker, the property group which Peter de Savary has a 29 per cent stake, yesterday announced a series of acquisitions which will greatly increase its size.

The group, which was capitalised at £20m when its shares were suspended on June 15, is spending £21m on three acquisitions in the property and

leisure field. It is paying £13.75m to Nationwide Leisure, a subsidiary of Swiss group Inspectorate, for Neilson Travel and Surrey Park Homes. The former made pre-tax profits of £800,000 last year.

Alfred Walker is also buying the Hotel Burstin in Folkestone for £7.4m. Mount Viell, the private company which owns the

hotel is warranting that it will make profits before tax and property depreciation of at least £1.25m in 1987.

Consideration for the Inspectorate acquisitions will be in the form of 4.55m Alfred Walker shares, of which Inspectorate will retain 1.75m, giving it a 11 per cent stake in the enlarged group.

Northumbrian Water Improved Performance Continues

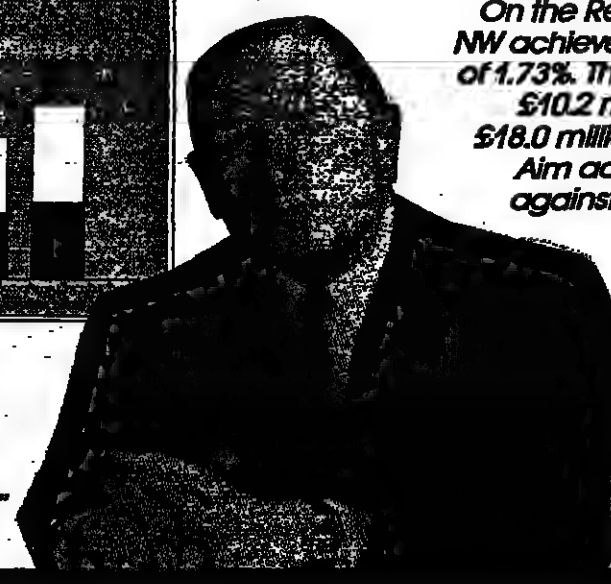
Northumbrian Water made a profit of £12,120,000 in the financial year 1986/87. This was an increase of over £4,000,000 on the previous year and the 'best-ever' result since the formation of the Authority in 1974. Turnover was \$116.7 million compared with \$111.3 million in 1985/86.

In his foreword to Northumbrian Water's Annual Report, the Chairman, Sir Michael Straker, says that looked at in purely commercial terms, the year under review must be counted as successful. He goes on, "...it is pleasing to note that our new borrowing is at the lowest in our history and we seem to be on target to pay our way without borrowing in the future."

The Report shows that Northumbrian Water surpassed the Government target aims for the industry by significant amounts. On the Return of Assets Employed, NW achieved 4.12% against a target of 1.73%. The External Financing was \$10.2 million against a target of \$18.0 million and the Performance Aim achieved was \$35.3 million against a target of \$41.2 million.

For a free summary of the Annual Report and Accounts, please write to the Public Relations Department at the address below.

"There are other items to be noted on the credit side, notably our continuing demonstration of efficiency set against Government targets, and those we set for ourselves, which in many cases are the more relevant to our customers."



NORTHUMBRIAN WATER
P.O. Box 4, Regent Centre, Gosforth,
Newcastle upon Tyne NE3 3PZ.
Tel: (091) 284 3151. Telex: 537419.

This announcement appears as a matter of record only.



£150,000,000 Revolving Acceptance Facility by Tender for ANGLO LEASING LIMITED

Arranger

S. G. Warburg & Co. Ltd.

Managers

'Algemeene Bank Nederland N.V.

London Office

Banque Paribas (London)

Crédit Lyonnais

London Branch

First Interstate Bank of California

The Bank of New York

CIC-Union Européenne, International et Cie

London Branch

Deutsche Bank Aktiengesellschaft

London Branch

National Westminster Bank PLC

Co Managers

Australia and New Zealand Banking Group Limited

Bank of Scotland

Co-operative Bank p.l.c.

Creditanstalt-Bankverein

Kansallis Banking Group

The Long-Term Credit Bank of Japan, Limited

The Mitsubishi Trust and Banking Corporation

TSB England & Wales plc

Bank of America NT & SA

Banque Nationale de Paris

Credit Suisse

Istituto Bancario San Paolo di Torino

Kreditbank N.V. (London Branch)

Lloyds Bank Plc

The Royal Bank of Scotland plc

Yorkshire Bank PLC

Participants

AP Bank Limited

Crédit Commercial de France

London Branch

Singer & Friedlander Limited

Banco di Roma

London Branch

National Australia Bank Limited

S.F.E. Bank Limited

S. G. Warburg & Co. Ltd.

Agent

S. G. Warburg & Co. Ltd.

July 1987

National Westminster Bank

1987 Group Interim Results

	6 months to 30th June 1987	1986
Pre-tax profits (after charging bad and doubtful debt provisions of:	£251m	£482m
Post-tax profits	£564m	£173m)
Earnings per share	£160m	£296m
Ordinary dividend per share	21p	51p
Total assets	8p	7p
	£86.3bn	£76.4bn

'...the continuing strength of NatWest'

Lord Boardman, Chairman

National Westminster Bank, achieved pre-tax profits of £251m in the first half of 1987 after a charge for debt provisions of £564m. The Group's operating profit, before tax and provisions, rose by 24% to a record £815m compared to £655m for the same period in 1986.

Lord Boardman, NatWest Chairman, described the result as 'an excellent operating performance which demonstrates the continuing strength of NatWest in highly competitive banking markets worldwide.'

The Group's provisions include a charge of £496m against 35 countries rescheduling or experiencing

payment difficulties. The total sovereign debt cover is now 29.5% of amounts outstanding.

With first half retentions of £95m, shareholders' equity increased to £4.7bn. NatWest is the only British bank enjoying AAA ratings with all leading credit rating agencies.

Looking ahead, Group Chief Executive, Tom Frost said 'I take a confident view of the results for the full year. I see good prospects for our business at home and abroad.'

For a copy of our Interim Report please write to The Secretary, National Westminster Bank, 41 Lothbury, London EC2P 2BP



NatWest
The Action Bank

New Issue
July 29, 1987



Bayer Capital Corporation N.V.

Amsterdam/The Netherlands

DM 400,000,000

6 1/4 % Bearer Bonds due 1997 with Warrants

unconditionally and irrevocably guaranteed by

Bayer Aktiengesellschaft,
Leverkusen/Federal Republic of Germany

Offering Price: 130%
Interest: 6 1/4 % p.a., payable annually on July 29
Maturity: on July 29, 1997 at par
Subscription Right: each bond of nom. DM 1,000 will be issued with two warrants, entitling the holder from August 28, 1987 until August 28, 1997 inclusive to subscribe for a total of four ordinary bearer shares of Bayer Aktiengesellschaft, Leverkusen, at a subscription price of DM 330 per share. Each bond of nom. DM 1,000 will be issued with one warrant attached, on account of 40 ordinary bearer shares at the same conditions described above. Düsseldorf and Frankfurt am Main. The warrants will be listed on all German stock exchanges and on the stock exchanges of Zurich, Basel, Geneva, Bern and Lausanne.

Listing:

Commerzbank
Aktiengesellschaft

Deutsche Bank
Aktiengesellschaft

CSFB-Effectenbank

Dresdner Bank
Aktiengesellschaft

Morgan Stanley GmbH

Algemene Bank Nederland N.V.

Bankhaus H. Aulhäuser

Julius Baer International

Banco Commerciale Italiana

Banco del Gottardo

Bank of America International

Bank Gutzwiller, Kurz, Bungeger (Overseas)

Bank in Liechtenstein AG

Bank of Tokyo (Deutschland)

Bank J. Vontobel & Co. AG

Bank Ruesel Lambert N.V.

Bank of Tokyo (Deutschland)

Bank Indosuez

Banque Internationale à Luxembourg S.A.

Bank of Tokyo (Deutschland)

Banque Paribas Capital Markets GmbH

Barclays de Zotte Weid Limited

Bank of Tokyo (Deutschland)

H. Albert de Bary & Co. N.V.

Bayrische Hypothek- und Wechsel-Bank

Bank of Tokyo (Deutschland)

Bayrische Vereinsbank

Berliner Bank

Bank of Tokyo (Deutschland)

Banque Gehrhardt Berthmann

BHF Capital Markets Limited

Bank of Tokyo (Deutschland)

Chase Bank

CIBC Limited

Bank of Tokyo (Deutschland)

Compagnie de Banque

Crédit Commercial de France

Bank of Tokyo (Deutschland)

Crédit du Nord

Crédit Lyonnais S.A. & Co.

Bank of Tokyo (Deutschland)

Deutsche Bank

Deutsche Apotheker- und Ärztebank a.V.

Bank of Tokyo (Deutschland)

Deutsche Genossenschaftsbank

Deutsche Kreditbank AG

Bank of Tokyo (Deutschland)

Erstbank AG

Genossenschaftliche Zentralbank AG

Bank of Tokyo (Deutschland)

Generale Bank

Groupement Privé Genevois S.A.

Bank of Tokyo (Deutschland)

Goldman Sachs International Corp.

Georg Hauck & Sohn Bankiers

Bank of Tokyo (Deutschland)

Handelsbank N.V. (Overseas)

Industrie- und Handelsbank AG

Bank of Tokyo (Deutschland)

Hill Samuel & Co. Limited

Kreditbank N.V.

Bank of Tokyo (Deutschland)

Kleinwort Benson Limited

Landesbank Schleswig-Holstein

Bank of Tokyo (Deutschland)

Landesbank Schleswig-Holstein

Landesbank Schleswig-Holstein

Bank of Tokyo (Deutschland)

Manufacturers Hanover Limited

Mercator, Biele & Co.

Bank of Tokyo (Deutschland)

Merrill Lynch International & Co.

Metalbank GmbH

Bank of Tokyo (Deutschland)

Mitsubishi Finance International Limited

Mitsubishi Trust International

Bank of Tokyo (Deutschland)

Morgan Grenfell & Co. Limited

Morgan Guaranty GmbH

Bank of Tokyo (Deutschland)

Nomura Europe GmbH

Norddeutsche Landesbank

Bank of Tokyo (Deutschland)

Orion Royal Bank Limited

Rauscher & Co.

Bank of Tokyo (Deutschland)

Salomon Brothers AG

J. Henry Schroder Wagg & Co.

Bank of Tokyo (Deutschland)

Schweizerischer Bankverein

Seamless Lehman Brothers International

Bank of Tokyo (Deutschland)

Société Générale

Sumitomo Trust International

Bank of Tokyo (Deutschland)

Stalder Bank & Co.

Swiss Vellbank

Bank of Tokyo (Deutschland)

Swiss Cantonalbank

M.M. Warburg-Broschmann, Witz & Co.

Bank of Tokyo (Deutschland)

Vereinigte Bank und Warenbank

Westdeutsche Landesbank

Bank of Tokyo (Deutschland)

Westdeutsche Landesbank

Girozentrale

Bank of Tokyo (Deutschland)

Yamaichi International (Deutschland) GmbH

Rowe Evans INVESTMENTS PLC

The Rowe Evans Investments PLC Group has interests in rubber, oil palm and cocoa plantations in Malaysia and Indonesia held either directly by Group companies or indirectly through related companies. The Group also holds a portfolio of investments which are mainly in the plantation industry.

In his statement dated 3rd July, 1987, Mr. E. Hadsley-Chaplin, Chairman and Managing Director, stated:

"The unprecedented fall in the price of palm oil during 1986 to US\$180 per tonne, a record low since World War II, dramatically affected the Group's profitability. Profit before taxation for the year ended 31st December, 1986 fell from £2.17m to £1.53m. Earnings per share fell from 3.83p to 2.24p and the Board recommended a dividend of 1.20p per share compared with 1.50p the previous year.

The price of rubber increased towards the end of 1986 and the palm oil price has now recovered to a level of US\$340 per tonne, which, although not exciting, is much more healthy. The related companies suffered the same adverse trading conditions but profitable investment and property disposals meant that the Group's share of their results was maintained.

Prospects

In Indonesia where the sale of oil palm FFB shows a considerable margin over cost of production, prospects are good.

The anticipated formation of our joint venture companies in Indonesia and the anticipated incorporation of their operations into the 1987 accounts and with the recovery in the current prices for both rubber and palm oil, I have little doubt that our results for 1987 will show a considerable improvement.

In the current year we will also have the usage of all Rembia Rubber's assets as well as the £2 million raised by the Rights Issue. The latter resulted in all our net borrowings being paid off and currently we have a very satisfactory working balance for the Group which will be applied towards the further development costs of Simpang Kiri and Rembia Rubber's estate, Bilah.

Currently 1987 looks like being a much better year than 1986."

Copies of the Report and Financial Statements may be obtained from the Secretaries: M. P. Evans Secretarial Services Limited, Tube Hill House, London Road, Sevenoaks, Kent, TN13 1DG.

U.S.\$35,000,000 SERIES 22

TELEFONOS DE MEXICO, S.A.

(Organized under the laws of the United Mexican States)

Six Month Notes Issued in Series

under a

U.S.\$75,000,000

Note Purchase Facility

Notice is hereby given that the above Series of Notes issued under a Note Purchase Facility Agreement dated 5th May, 1982, carry an Interest Rate of 7 1/2% per annum. The Maturity Date of the above Series of Notes will be 29th January, 1988.

29th July, 1987

Samuel Montagu & Co. Limited

Issue Agent



Bank of Montreal
(A Canadian Chartered Bank)

U.S.\$250,000,000
Floating Rate Debentures,
Series 9, due 1996
(Subordinated to deposits and other liabilities)

Notice is hereby given that the Rate of Interest for the three month period 29th July, 1987 to 29th October, 1987 has been fixed at 7 1/2% per cent. The amount payable on 29th October, 1987 will be U.S.\$183.66 against Coupon No. 14.

Morgan Guaranty Trust Company of New York
London

UK COMPANY NEWS

Dobson Park seeks £25m to assist diversification

BY MIKE SMITH

Dobson Park Industries, the most likely area of expansion was in the industrial electronics division, of which the core is TRD Mechanicals, bought for £24.25 in February, and Revere, acquired for £12.7m in May. The company will use the funds to cut gearing from about 9 per cent to a "single digit" figure by the year end on September 27. It also plans further acquisitions.

The 20.87m new shares are being offered at 125p, compared with yesterday's close of 145p, down 8p on the day. Following Dobson's 1985 decision to reduce its dependence on mining equipment, the company has sold five non-core businesses, mainly in engineering, and bought two electronics companies.

Mr Edward Townsend, finance director, said yesterday the past year suggests that the second six months is unlikely to match this. The board plans to maintain the level of last year's final dividend of 3.31p per share on the enlarged share capital. Mining equipment is expected to produce lower results for the full year, mainly due to lower sales volume. Power tools and toys and plastics are forecast by the company to show materially higher profits.

Dobson also announced the introduction of a share option scheme. It has set a limit on the grant of options of 5 per cent of the authorised share capital in any 10-year period. The number of shares issued under the scheme must not exceed 10.5m.

Mr Townsend said the company wanted to reduce this to about 33 per cent with another third coming from industrial electronics and the rest from the other parts of the group. In the first half of this year Dobson made £5.93m pre-tax

but its performance in the past years suggests that the second six months is unlikely to match this. The board plans to maintain the level of last year's final dividend of 3.31p per share on the enlarged share capital. Mining equipment is expected to produce lower results for the full year, mainly due to lower sales volume. Power tools and toys and plastics are forecast by the company to show materially higher profits.

Storehouse break-up denied by Conran

By Christopher Parker, Consumer Industries Editor

Reports of the possible break-up of the Storehouse retailing and design group are "totally unfounded and without any basis of fact," Sir Terence Conran, chairman, told shareholders yesterday.

The logic for last year's merger which parcelled Habitat Mothercare together with BHS, formerly British Home Stores, as strong as ever, he said at the annual meeting in London.

However, analysts and market researchers' reservations about the speed and success of the BHS assimilation have fuelled press speculation on a possible demerger or takeover.

Last year's 16 per cent increase in pre-tax profits to £123m disappointed the market. Although the figures matched expectations, the City was disturbed by a bad performance at Mothercare. Sir Terence told a packed meeting in the newly revamped BHS flagship store in Oxford Street that the group planned to invest £100m in the current year on new stores, refurbishment and system improvements.

Sales space would increase by 8 per cent, he said, twice as much as last year. A new distribution centre for Mothercare had allowed work to start on converting stockrooms in the chain to selling space.

A pilot Mothercare Plus shop, described as a new concept in children's retailing, was due to open in Bristol in September. The Richards fashion chain has been turned from loss to "excellent profitability" following refurbishment and expansion, Sir Terence added. Habitat was also expanding in France and in the UK. Its fourth out-of-town store opened yesterday, in a programme designed to counter the improved attractions of other out-of-town furniture retailers.

Trencherwood profit hits £3.6m

REFLECTING continued strong demand for new housing, property developer Trencherwood lifted its turnover from £11.38m to £12.94m and pre-tax profit from £2.02m to £3.66m in the 12 months ended April 30 1987, representing percentage increases of 14 and 81 respectively.

Units taken to revenue in the period totalled 227, of which 37 were retirement homes, against 178 and 1 respectively in 1986. That growth, coupled with the economic conditions, improved efficiency throughout the group and the long term land bank, led to the better margins. Operating profit was ahead 60 per cent to £3.73m.

Earnings for the period moved up from 8.57p to 11.67p. The interim dividend, on capital increased by the scrip and placing issues, is raised to 1.05p (0.825p) net.

The directors said they looked for another year of substantial growth. The majority of the contribution from the commercial side would come in the second half.

The group committed to its new homes regionalisation programme of a further two regions in the next year. The expansion, with the strong Berkshire base, provided the basis for good growth prospects in the current economic climate.

Most of the £3.3m raised from the March placing was earmarked for expansion of the residential programme. The first new regional company, Trencherwood Homes (Southern), will cover Hampshire, Dorset, and West Sussex, and was planned to have an output of 200 units by 1990. Sales of existing retirement schemes continued to progress well. Expansion was also in hand and a number of schemes should begin production in the first half of next year.

Demand for industrial space had been strong recently, while progress was also being made on the office and retail side.

comment It is not too difficult to make money as a housebuilder in the current booming UK residential market and Trencherwood, with a cosy niche in Berkshire, is no exception. However, the group is determined making use of the fat years to diversify so that it can cope with the thin; new areas are being explored, sheltered housing is designed to be 15 per cent of turnover this year and commercial development profits will start flowing through in the second half.

Trencherwood's potential exposure to a Bob Beckman-style housing crash must be limited: the average house price this year is likely to be £54,000, not extravagant for the South of England. Pre-tax profits are likely to be £7m this year which with the shares at 46p puts the prospective p/e at around 17. Despite the group's diversification efforts, that looks high enough.

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B.C.E. on target at £1.1m

ALTHOUGH turnover fell from £11.4m to £9.33m in the year to March 31, pre-tax profits for B.C.E. Holdings improved by 28 per cent from £867,000 to the £1.1m forecast at the time of its flotation on the USM last October.

The directors of this Bristol-based maker and distributor of smoker and pool equipment are recommending a maiden 0.6p final dividend as forecast. Earnings per share worked through at 2.5p (2.5p).

Looking ahead, Mr David Fisher, chairman, said that the new financial year had started encouragingly, and although a number of projects had involved heavy capital expenditure they should increase profits and enable the group to compete more successfully from its own manufacturing base.

The profit split was £521,000 (£494,000) from the operation of consumer products, machines and smoker club and £568,000 (£418,000) from the manufacture and sale of smoker, billiards and pool equipment.

Tax took £400,000 (£355,000) and minorities £32,000 (£26,000). There was a £24,000 (£11,000) extraordinary debit.

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Company Notices

MURRAY AMERICAN GROWTH SCVAV
Registered Office:
LUXEMBOURG, the Address:
Commerce 101, Rue de la
Salle, Luxembourg
NOTICE OF ANNUAL GENERAL MEETING
The Annual General Meeting of Shareholders of MURRAY AMERICAN GROWTH SCVAV will be held at 10, rue d'Adolphe, on August 14th, 1987, at 10.00 a.m. The agenda of the meeting is as follows:
1. To hear and accept the report of the directors.
2. To approve the statement of assets and liabilities and the statement of operations and the statement of income and to consider declaration of dividend.
3. To discharge the directors and the auditor with respect to the performance of duties during the year ended March 31st, 1987.
4. To elect the director to serve until the next annual general meeting.
5. To elect the auditor to serve until the next annual general meeting.
6. To consider any other business.
The shareholders are advised that no dividend will be paid unless the dividend is recommended by the directors and approved by the shareholders at the meeting. Shareholders may vote by proxy or by ballot paper. The proxy or ballot paper must be deposited at the registered office of the company not later than 48 hours before the meeting. The proxy or ballot paper must be signed by the shareholder or by a duly authorised agent. The proxy or ballot paper must be accompanied by a copy of the share certificate. The proxy or ballot paper must be deposited at the registered office of the company not later than 48 hours before the meeting. The proxy or ballot paper must be signed by the shareholder or by a duly authorised agent. The proxy or ballot paper must be accompanied by a copy of the share certificate.

Legal Notice

No. 25 (RULE 80(1))
IN THE MATTER OF
PRION HARVEY PLC
BY ORDER of the High Court dated 11th day of June 1987, Mr. Christopher Morris and Mr. Martin Clive Bird of Touche Ross & Co. Chartered Accountants have been appointed Joint Liquidators of the above named company without a Committee of Inspection. Correspondence relating to claims should be addressed to Messrs. Harcourt, 31-37 Currier Street, London EC4A 3ET.
DATED this 29th day of July 1987

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NOTICE TO WARRANT HOLDERS OF C. ITOH AND CO. LIMITED

Warrants ("Subject Warrants") to subscribe for shares of Common Stock of C. Itoh and Co., Ltd. (the "Company") issued in conjunction with the issue of US\$30,000,000 7 1/2 per cent Guaranteed Notes due 1992, pursuant to Clause 4(A) and (B) of the instrument dated 22nd May, 1986 under which the above warrants were issued, notice is hereby given as follows:

1. On 2nd and 9th July, the Board of Directors of the Company resolved to issue US\$30,000,000 7 1/2 per cent Notes due 1992. With a view to subscribing for shares of Common Stock of the Company, the initial warrant exercise price for

UK COMPANY NEWS

Matthew Clark edges to £6.9m

POOR TRADING conditions in Australia and higher than forecast losses had an adverse impact on Matthew Clark and Sons (Holdings) group overall and it advanced pre-tax profits only 3 per cent from £8.96m to £9.59m in the year to April 30 1987. Turnover for this wine and spirit distributor and maker of British wine moved up from £60.8m to £67.1m.

The directors are proposing a final dividend of 5.5p—up from 5p last time—making a total of 9p (8p) for the year. Earnings per 25p ordinary share rose from 24.2p to 30p.

Mr Francis Gordon Clark, chairman, said that the company had again achieved record figures: sales had increased and all brands performed strongly. However, steps were being taken to improve the Australian

situation both by expanding the business and reducing unit costs.

The cost of establishing its new cocktail, West Coast Cooler, affected profits in the first half which fell from £2.89m to £2.62m. Establishing Clark's Australian operations had also caused further losses.

Mr Gordon Clark said that overall the current year had started satisfactorily for the group and higher profits were again budgeted.

Martell, De Kuyper, Stone's Cider Wine and Old England British Sherry, the four cornerstones of the business, were now significantly supported by the more recent additions to the list. He added that the past year had demonstrated that the highest quality products would succeed in a relatively flat market.

The group's non-brand business, Sealark Transport and John Ansell and Partners (Insurance broking), both reported excellent results for the year.

Interest receivable amounted to £435,000 (£538,000) and tax charges fell from £2.71m to £2.61m.

● **comment**

UK consumer spending may be rising at an overall 6 per cent a year but spending on alcohol is down by 1 per cent, and few of Matthew Clark's brands are in the remaining growth areas. Not surprisingly, its shares have underperformed the wider market dramatically over the past year and responded to the second half recovery evident in yesterday's figures with a yawn, closing unchanged at 528p.

Indeed, the trading performance has been of little relevance to Matthew Clark's price in the wake of Grand Met's announcement that it had entered into a distribution arrangement with Martell, the French company whose cognac accounts for something like half Matthew Clark's turnover. Of much greater interest is speculation that Grand Met might want to buy out Clark for its exclusive Martell distribution rights in the UK. There is no saying that it will, but in any case Clark can hope to benefit from increased sales of Martell in Grand Met's 6,500 managed and tenanted houses in the UK. The argument, however, is already in the price: an historic multiple of 17½ does not understate this somewhat stodgy performer.

Westminster and Country overheads up

BY STEVEN BUTLER

Westminster and Country Properties said yesterday in a letter to shareholders that overheads in the company had risen to an annual rate of £1.3m, and would be significantly reduced.

The letter follows the dismissal of Mr David Parkes as chairman and chief executive on July 17, and would appear to offer some explanation for the boardroom upheaval in the company. The troubles at the

company are somewhat anomalous since Mr Parkes controls 52 per cent of Westminster and Country shares.

The letter said that overheads had risen to an unacceptable level in view of the level of shareholders' funds, which were £4.4m in 1986. Senior and junior staff have been dismissed, and a move is planned from the company's Mayfair headquarters to more modest accommodation.

The letter said that results for the year to the end of April 1987 would be worse than indicated earlier, when the company stated they would not be materially different from the £392,000 loss incurred in the first half.

Cost savings measures would not affect the company's rental income or development profits, and a return to profitability was indicated.

The letter was approved by

the board, with the exception of Mr Parkes, the dismissed chairman, and Mr Richard Parkes, his brother, who remain as non-executive directors and were not present at the meeting.

The letter said that the new management structure was supported by executive directors and other senior executives.

Mr David Parkes could not be reached for comment, and it is not known if he plans any action.

St Modwen's income rises

Pre-tax profits of St Modwen Properties for the six months to May 31 1987, were £731,000 on a turnover of £2.88m. The results for the six months to March 31 1986 were for the old Redman Heenan group and are not comparable with the latest figures.

St Modwen was created by Clarke Securities, one of the largest privately-owned house-building and construction groups in the Midlands, reversing its slump of Redman Heenan. The combined rental income of the new group was estimated at £1.5m.

Mr Stanley Clarke, chairman, said that rental income was continuing to increase and development sales were completed in

the Salford Enterprise Zone in Manchester and at Springfield in the North West Kent Enterprise Zone.

The development programme was making good progress on the company's established retail office and industrial development sites throughout the regions. Building construction had commenced on the 164,000 square feet "Meteor Centre" retail Park, Derby, with pre-lettings signed for W. J. Banks, Douglas, Harris Queensway and MFI. The company had been selected as the developer for a 175 acre retail, office and leisure park on the city of Stoke-on-Trent Festival Park site.

Other developments included a freehold office development

site at West Drayton and office, hi-tech and industrial development schemes were being progressed on its enterprise zone sites.

Mr Clarke said the company continued to make considerable progress and he looked forward to the future with confidence.

Operating profit in the period was £1.02m; interest payable was £289,000 and tax took £87,000. Earnings per share were 0.7p.

The directors said that in accordance with the company's stated policy of building its reserves the board intends, for the time being, to pay a single annual dividend, therefore no interim payable was proposed.

Kenyon Secs profits up 14% to £0.86m

Kenyon Securities, the USM-quoted funeral services company, raised pre-tax profits by 14 per cent from £761,738 to £854,306 for the year ending March 31 1987.

Turnover was also up at £5.55m (£4.89m), excluding one-off costs on behalf of clients (the comparison being restated on the same basis).

The directors said the company had assisted at the Zeebrugge ferry disaster and the helicopter crash off Scotland.

A final dividend of 8p was declared making 12p for the year (10.4p). The shares to be issued in connection with the current placing and open offer will not rank for the final dividend.

After tax of £309,708 (£303,411), earnings per share were 24.1p (22.9p).

Questel rises 21% at midway

Questel, a USM quoted telecommunications equipment company, yesterday turned in pre-tax profits up 21 per cent from £499,000 to £603,000 for the half year to April 30 1987. Turnover was up 18 per cent at £2.04m.

After tax of £184,000 (£174,000) earnings per 10p share rose by 1.7p to 8.1p. The interim dividend is 2.4p (2.2p)—last year's final was 2.55p on £1.17m profits.

Demand for the company's main products continued to be strong, but while development into new product areas would mean some costs in advance of significant revenues.

Possible offer for Dominion

By Steven Butler

MR MAX LEWINSOHN, chairman of Dominion International, told shareholders at the company's annual meeting yesterday that he hoped to make an announcement within two weeks concerning an approach to the company that could result in a general offer for company shares.

Mr Lewinsohn said that trading in the first quarter was sound and in line with expectations.

Padang Senang

Padang Senang Holdings raised pre-tax profits by 54 per cent to £30,035 (£22,591) for the six months to March 31.

Radius ahead 27% and confident for full year

Radius, the USM-quoted computer systems and maintenance group, raised pre-tax profits to £268,000 for the half-year to May 31, a 27 per cent increase compared with £203,000 for the corresponding period last year.

There was a 28 per cent increase in turnover at £4.70m (£3.65m).

It was also announced that the group has concluded an agreement with British Olivetti to jointly market a range of Radius products on the Olivetti/AT&T range of UNIX processors.

The directors are confident of maintaining progress in the second half of the year and into 1988. Mr Edward Sharp, chairman, said that considerable development had been undertaken to allow the group's solutions to be offered under the

industry standard UNIX operating system, and such systems were now being delivered.

"Already it is apparent that the additional costs and efforts in implementing UNIX systems are being amply rewarded by the increase in sales, inquiries and likely business increase," said Mr Sharp.

The order book for the second half was at a record level and included several large UNIX-based products. Apart from the marketing agreement with Olivetti, discussions were taking place with other leading computer suppliers.

Netted profits after tax of £236,000 (£228,000) and dividend payments were £446,000 (£354,000). Earnings per share were 5.5p (4.9p). An interim dividend of 1.25p (1p) was declared.

APPOINTMENTS

Personnel chief at BOC

Mr R. G. Page has been appointed chief executive, personnel, of THE BOC GROUP. He joined BOC in 1980 as chief executive, personnel at BOC Limited, having been director of personnel at Vickers International Group, Sperry Rand, since 1973.

Dr David Jack retires from the board of GLAXO HOLDINGS on July 31. Dr Richard Sykes will succeed him as research and development director, Glaxo Holdings, and chairman of Glaxo Group Research. Dr Alan Rapier retires from the board of Glaxo

Holdings on August 31. Dr Sykes has been elected to the board of Glaxo Holdings and its subsidiary Glaxo Group Ltd from August 1. Dr Sykes has been chief executive of Glaxo Group Research since January 1987.

The CONTROL RISKS GROUP has made the following appointments: Sir Kenneth Newman to the boards of Control Risks and Control Risks Response Services from August 1. Sir Kenneth was previously Commissioner of the Metropolitan Police. Mr J. G. van der Beek to the board of Control Risks Prevention Services.

and Control Risks Response Services. He was previously group deputy personnel director of Unilever.

The Williams Lea Group has made two appointments at its business forms company. Mr Philip Williams, previously sales director, is appointed managing director; Mr Brian Elliott, previously director and general manager, is appointed deputy managing director.

Mr D. A. (David) Green has been appointed chairman of

TAYLOR WOODROW SERVICES following the retirement of Mr Martin Stonehouse. He became a director of Taylor Woodrow Services in 1986 and is also a director of Taylor Woodrow Investments, Finance and Taylor Woodrow Investment Inc.

GDL, a specialist division of the NFC Distribution Group, has appointed a new managing director. Mr Graham Richardson has moved from the Finance and Investment Group to manage the newly-formed GDL operation. He joined SPD in 1979 from the National Bus Company, and has led management since its acquisition in Nottingham, Belfast, South Shields and Woking before taking up this new role.

Mr David Leslie Harrison and Mr John Peter Abernethy Headman have been appointed non-executive directors of GT MANAGEMENT.

Mr Hugh Eaden has been appointed to the management of NATWEST EXPORT FINANCE, the bank's export finance house, where he will head up the team which provides a range of short- and medium-term non-recourse export facilities. He replaces Mr Chris Cheesman, who has been appointed a trade finance executive with the bank's trade-related services.

Following his appointment as finance director of WATERGLADE INTERNATIONAL HOLDINGS on May 1, Mr Michael D. Ewing has now been appointed company secretary.

MICHAEL STANFIELD has appointed Mr Alan Claridge as sales director. He was previously UK sales director of Hallmark Cards.

SIMON, MAY & CO has appointed Mr Martin E. Simons a non-executive director. Mr Simons, a consultant with Morgan, Grenfell, was previously with ICI, specialising in corporate planning.

This announcement complies with the requirements of the Council of The Stock Exchange in London. It does not constitute an offer of, or invitation to the public to subscribe for or to purchase, any securities.



The Morgan Crucible Company plc

(Incorporated with limited liability in England)

U.S. \$25,000,000 3½ per cent. Notes due 1992 with 25,000 Refundable Depositary Warrants to subscribe for Ordinary Shares in The Morgan Crucible Company plc

The Issue Price of the Notes is 77.81 per cent. of their principal amount and the Issue Price of the Refundable Depositary Warrants is £136.82 per warrant.

The following have agreed to subscribe or procure subscribers for the Notes and the Refundable Depositary Warrants:

Goldman Sachs International Corp.

Barclays de Zoete Wedd Limited

Cazenove & Co.

Morgan Grenfell & Co. Limited

Morgan Stanley International

Sanyo International Limited

Swiss Bank Corporation International Limited

Application has been made to the Council of the International Stock Exchange of the United Kingdom and the Republic of Ireland Limited ("The Stock Exchange") for the Notes and the Refundable Depositary Warrants to be admitted to the Official List. The Notes will bear interest at the rate of 3½ per cent. per annum payable in arrears. The first payment of interest will be made on August 6th, 1988 in respect of the period from August 6th, 1987 to August 6th, 1988. The Refundable Depositary Warrants will not bear interest. Listing Particulars (as filed with the Registrar of Companies) relating to The Morgan Crucible Company plc, the Notes and the Refundable Depositary Warrants are available in the statistical services of Extel Financial Limited and may be obtained during usual business hours up to and including July 31st, 1987 from the Company Announcements Office of The Stock Exchange and up to and including August 12th, 1987 from:

The Morgan Crucible Company plc,
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5-12 Victoria Street,
Windsor,
Berkshire SL4 1EP

Goldman Sachs International Corp.,
5 Old Bailey,
London EC4M 7AH

Cazenove & Co.,
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July 29th, 1987

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Hypothekar- und Handelsbank Winterthur
Maerki, Baumann & Co. AG
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Chase Manhattan Bank (Switzerland)
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BNP

DU BOUZET

BNP LINKS WITH PARIS BROKER

As deregulation comes to the French Stock Exchange with the opening of ownership in the capital of stockbroking firms to outside interests, BNP is among the first of French banks to establish links with a Paris broker. Subject to formal approval by the regulatory authorities, France's largest commercial bank plans to take a majority holding of 53.5% in the French stockbroker, du Bouzet. Both parties to the agreement are keen to develop their own interests, while cooperating closely in the fast-growing French financial markets.

BNP and du Bouzet already have long experience of working together. The new partnership will benefit from BNP's large network, du Bouzet's floor-trading experience and the complementary strengths of the mutually independent companies. It will increase their market penetration and give their clients access to a wide range of additional services.

The move is part of BNP's international strategy of building a network of securities houses in the world's major financial centers.



Italian International Bank Plc

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FLOATING RATE NOTES DUE 1991

In accordance with the provisions of the Notes, notice is hereby given that for the six month Interest Period from 28th July 1987 to 28th January 1988 the Notes will carry an Interest Rate of 7½% per annum and the Coupon Amount per US \$10,000 will be US \$383.33

Agent Bank:
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What happened to last summer's graduates

BY MICHAEL DIXON

DOES THE United Kingdom need to produce more graduates?

The belief that it does is firmly established in the most influential sectors of UK society. Indeed, so strongly is the belief held in high places that graduate production is one of the few issues over which Mrs Margaret Thatcher's Government has been obliged to make a U-turn in its stated policy.

The White Paper on higher education published on April 1 finally bowed to sustained pressure for an increase in the student numbers previously envisaged in Ministers' plans for universities, polytechnics and other state-financed colleges.

Under the earlier proposals, the equivalent of 695,000 full-time degree students in 1993 was to go up to 700,000 by 1990, before falling in line with the decreasing teenage population to 633,000 by the end of the century. The White Paper conceded that the figure should be raised to 725,000 in 1990, then fall only slightly to 723,000 by the year 2000.

While much of the clamour for the concessions came from pressure groups of people employed in higher education, the case for increases had also been argued by employers' bodies such as the Confederation of British Industry. And the White Paper emphasised that the decisive influence be-

hind the Government's U-turn was the employers' claim that the extra graduates would be directly needed by an economy increasingly dependent on full exploitation of high technology.

All of which chimes somewhat weirdly with the figures in the above table drawn from statistics recently released by the Central Services Unit supporting university and polytechnic careers advisers. The table shows the activities taken up by the people who won bachelor's degrees at UK universities and polytechnics last summer, and also five years previously in 1981. The left-hand set of three columns of figures refers to the totals graduating in all subjects. The middle set of three picks out the people who studied so-called pure sciences,

and the right-hand set those who took engineering and technology. In each case, the table starts with the overall number graduating and then shows how many of them went into each of 17 categories of activity.

The 1986 all-subjects total was 100,254 bachelor-level graduates. So what kinds of things were they doing in return for the taxpayer's investment in their degree studies, which worked out at about £16,500 apiece?

Well, in the case of rather more than one in eight of them, I am afraid we do not know. By the time the degree-winners' whereabouts were checked on December 31, the universities and polytechnics had simply lost trace of 12,899 of the previous summer's output—the largest number in any of the 17 categories of activity.

The category with the second largest number, 12,625, was "at best a short-term UK job" which covers three sets of people. The first set were unemployed at the end of the calendar year. The second were engaged in work expected to last no more than three months. The third were not available for employment at all, as distinct from being already on someone's payroll at the time they graduated.

Hence over a quarter of the 1986 total—accounting for £421m of public spending on higher education—were either mislaid by their alma mater or did not get a settled job.

Moreover, as at least three years study are needed to get a degree, the 12,625 graduates at best temporarily employed can be viewed as representing 37,875 students. That is nearly half as many again as the 26,000 the Government has added to the 1990 target. So measures requiring universities, polytechnics and colleges to make their present students more fully employable might be better than a further increase of their rolls.

None of the other activity groupings comes anywhere near the 12,600-plus registered by the whereabouts unknown and at best short-term categories. The third biggest was personnel and welfare services including medicine, dentistry and so on with an entry of 8,895, 16 per cent higher than in 1981. Very close behind in fourth place was financial work with 8,835,

ALL GRADUATES			PURE SCIENTISTS			APPLIED SCIENTISTS		
1986	1981	Change (+ or -)	1986	1981	Change (+ or -)	1986	1981	Change (+ or -)
100,254	96,174	+4,080	34,468	28,280	+6,188	75,350	15,434	+59,916
12,899	10,823	+2,076	2,737	2,013	+724	1,581	1,410	+171
4,135	3,241	+894	942	1,703	-761	1,851	3,332	-1,481
8,036	7,411	+625	4,124	3,436	+688	1,088	1,146	-58
3,483	6,537	-3,054	1,169	1,644	-475	75	144	-69
2,270	7,114	-4,844	446	588	-142	327	322	+5
4,664	3,234	+1,430	817	521	+296	618	535	+83
7,230	5,223	+2,007	2,053	1,732	+321	4,811	3,801	+1,010
1,122	1,103	+19	647	604	+43	356	445	-89
2,571	2,086	+485	84	36	+48	1,897	1,623	+274
4,068	2,783	+1,285	683	429	+254	290	264	+26
3,944	2,139	+1,805	2,732	1,487	+1,245	447	172	+275
8,435	5,433	+3,002	1,882	976	+906	437	281	+156
1,139	945	+194	128	108	+20	27	23	+4
8,895	7,673	+1,222	1,639	1,259	+380	93	45	+48
2,446	2,101	+345	165	184	-19	40	26	+14
4,460	3,285	+1,175	453	375	+78	232	216	+16
12,425	13,593	-1,168	3,385	3,343	+42	1,260	1,451	-191

up a startling 57 per cent on the entry five years before.

The only other grouping with over 8,000 was further academic study or research in the UK which, despite academics' laments about lack of money to enable promising students to go on to higher degrees, achieved an 8 per cent rise on the 1981 intake.

The biggest decrease was the worrying 43.6 per cent slump in the all-subjects entry to teacher-training. There was also a 25 per cent drop in the "returned or moved overseas" grouping which, although it includes British students taking up work or study abroad, consists largely of foreign students going home after graduating. UK higher education's intakes of people from overseas dropped sharply — although they have since begun to rise again—following the Government's imposition of full-cost fees for foreign students seven years ago.

The subjects most affected were the "applied sciences" covered by the table's right-hand columns. Indeed it looks as though the number of overseas students taking those subjects fell to such an extent that not enough British entrants could be found to fill the places left empty. As a result, while the overall numbers gaining degrees in every other subject area increased, the total output of new engineering and technology graduates actually fell between 1981 and last year from 15,438 to 15,850.

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Position: Property Banker
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Candidates from both within and outside the Civil Service are invited to apply. Salary will be within the scale of £34,000 to £37,000 per annum, but a higher salary may be considered, if necessary, for a candidate of exceptional qualifications or experience. Pension benefits are non-contributory, other than 1/4% for family benefits.

For further details and an application form (to be returned by 9 September 1987) write to Civil Service Commission, Alencon Link, Basingstoke, Hants RG21 1JB, or telephone Basingstoke (0256) 468551 (answering service operates outside office hours). Please quote ref G/7313.

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COMMODITIES AND AGRICULTURE

LME board election runs into hitch

By Richard Mooney

PROGRESS TOWARDS the streamlining of the London Metal Exchange's management structure ran into an unexpected hitch yesterday, only three days before it was due to come into effect.

For the past week members of the exchange have been casting their votes in the election for the managing board, which is scheduled to take over from the existing board and committee on Friday.

It was discovered yesterday, however, that one of the 15 candidates for the seven ring-dealing member directorships, Mr. Colin Griffiths of Moxcra and Goldsmith, had scratched from the race because he was moving away from ring-dealing. Votes cast in that section of the election are therefore void. A new election for ring-dealing directors is being hurried through, with the voting deadline set for 10.30 tomorrow, and it is hoped that the handover of power will not be delayed.

The successful non-ring-dealing member candidates were Mr. E. P. Dablin of Cargill UK, Mr. S. C. Lowe of Moxcra, and Mr. P. H. Shuman of COT Europe. When they are joined by the seven ring-dealing directors a further four directors will be invited onto the board.

Already elected to the board were Mr. Jacques Lion, the president, and Mr. Michael Brown, the chief executive.

WEEKLY METALS

All prices as supplied by Metal Bulletin (last week's prices in brackets).

ANTIMONY: European free market, 98.5 per cent, 5 per cent, in warehouse, 2,130-2,200 (2,190-2,250).

BISMUTH: European free market, 99.99 per cent, 5 per lb, in warehouse, 5,000-5,100 (5,000-5,150).

CADMIUM: European free market, 99.99 per cent, 5 per lb, in warehouse, 1,500-1,550 (1,520-1,580), sticks 1,500-1,550 (1,530-1,580).

COBALT: European free market, 99.5 per cent, 5 per lb, in warehouse, 6,300-6,500 (6,400-6,600).

MERCURY: European free market, 99.99 per cent, 5 per flask, in warehouse, 230-240 (230-240).

MOLYBDENUM: European free market, drummed molybdenum oxide, 5 per lb, in warehouse, 2,800-2,900 (2,800-2,900).

SELENIUM: European free market, 99.5 per cent, 5 per lb, in warehouse, 5,300-5,400 (5,400-5,500).

TUNGSTEN ORE: European free market, standard min 65 per cent, 5 per tonne unit WO, cif, 48-57 (48-55).

VANADIUM: European free market, min 98 per cent VO, other sources, 5 per lb VO, cif, 2,800-2,900 (same).

VRANIO: Nuxeo exchange value, 5 per lb VO, 18.90.

Speculators return to boost platinum market

By Richard Mooney

THE UPTURN in the platinum market accelerated yesterday, taking the London bullion market price to the highest level for more than two months. After rising by \$9.50 on Monday it added another \$14 to close at \$598 a troy oz.

The catalyst for the rise, according to Miss Rhona O'Connell, an analyst at Shearson Lehman Brothers, was a report from a Tokyo broker last week indicating that Japanese imports of the metal this year were on course to reach 45 tonnes, compared with 30.2 tonnes in 1986.

As Japan is the biggest buyer of platinum, accounting for about half last year's purchases, that would be a major development. But Miss O'Connell cannot see it materialising. "Fundamental demand projections do not support it," she says.

Nevertheless it has been enough to rekindle traders' interest in platinum, which, after leading last year's precious metals rise, had become the laggard over the past few months.

Apart from the possibility of increased Japanese purchases, based on a revival of jewellery industry usage and further growth in demand for platinum based emission-scrubbing auto-

catalysts—Miss O'Connell thinks speculative buyers might have been attracted by an EC move to tighten European emission controls. But she points out that it will be some time before the move, agreed by Community Environment Ministers last week, has a significant impact on demand for platinum catalysts.

Overall she expects expanding supplies from South Africa to keep the platinum market in surplus, but she admits "I could be wrong".

Among those who appear to disagree with Miss O'Connell on this front is Credit Suisse, the Zurich-based bank, as John Wicks reports from Zurich.

Demand for both platinum and palladium should slightly exceed supply this year, according to estimates published by the bank.

It forecasts a demand surplus of 16 tonnes for platinum and 0.50 tonnes for palladium, as compared with excess supplies of 2.4 and 0.3 tonnes, respectively, last year.

For platinum, Credit Suisse projects a rise in the supply total in 1987 from 57.8 to 94 tonnes, due almost entirely to an increased South African figure of 79 tonnes (1986: 73.1 tonnes).

On the demand side, overall

consumption is seen as going up from 90.2 to 92.4 tonnes. The bank says that car industry use is unlikely to show the high growth rates of previous years, while no real advances are probable in chemical and glass industry demand.

Palladium supplies are estimated at some 56.5 tonnes, compared with a 1986 level of 93 tonnes, with an unchanged 52 tonnes this coming from the Soviet Union and about 32.7 (1986: 31.7) tonnes from South Africa.

Demand is expected to grow from 52.7 to 96 tonnes. Consumption on the part of the electronics and dental sectors should increase further, claims the bank, though less rapidly than last year.

In respect of 1986, Credit Suisse reports that major demand for platinum came from the car industry (37 per cent), the jewellery trade (30 per cent), the chemical industry (7 per cent) and electronics (6 per cent) with 16 per cent of the remainder being taken up by investors.

For palladium, electronics accounted for 44 per cent and dentistry for a further 31 per cent, with 9 per cent being used in chemical processes, 8 per cent in the car industry and 6 per cent in jewellery.

Keyboards busy in sugar trade

By Nancy Dunne

ACTIVITY WAS strong yesterday in the newly-launched live sugar contract on the London Futures and Options Exchange as traders continued to show interest in commerce through computer.

Halfway through the trading day, volume on the automated trading system in London was leading the traditionally dominant Paris futures exchange by 1,866 contracts (50 tonnes each) to 1,644. By the close, however, Paris had edged ahead with 2,411 lots to London's 2,311.

Open interest figures—showing trades not covered by the close of business on Monday, the first day of the new contract—revealed 1,531 unmatched

trades in Paris and 1,163 in London. For exchange officials said the figures revealed a widespread switch of positions from Paris to London.

Nine white sugar dealers—including E. D. and F. Man, C. Charnikow and Philip Brothers—are participating in the automated trading experiment. An exchange official said other companies have been calling to inquire about joining in the new scheme.

"We've never had so much enthusiasm from our membership," she said.

In the past, futures traders have shown a marked reluctance to abandon the traditional "open outcry" system of trading to do business through

computer screens. Particularly in the US, the trading pits have been lauded as the last bastion of capitalism, which might somehow be destroyed if conducted in the less frenetic environment of automated trading.

One of the first markets to trade successfully by computer was introduced in New Zealand in January 1985. The system was seen as an ideal solution to the logistical problems presented in an area where the traders were so geographically dispersed.

The New Zealand Futures Market now trades by computer five contracts, which have all shown steadily rising volumes.

Rivalry in metals futures moves into the night

By David Owen in Chicago

THE CHICAGO Board of Trade, the world's largest futures exchange, is to file for regulatory approval to add gold and silver futures to its trading list, the first day of the new contract—revealed 1,531 unmatched

trades in Paris and 1,163 in London. For exchange officials said the figures revealed a widespread switch of positions from Paris to London.

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Soviets warn US on protectionism

A SOVIET official said yesterday that proposals to limit US exports of rare earth metals and other minerals to the Soviet Union could lead to a reduction in Soviet purchases of US grain.

Mr. Evgeny Kuyurov, minister of the Soviet Embassy in Washington, cited as an example of trouble-making proposals one which would reduce the US quota on uranium exports to the Soviet Union.

"This [the reduced quotas] may produce difficulties for the expansion of our bilateral trade," he said. "We would prefer to have more balanced trade relations."

The Soviet official said that the US proposals to limit exports of rare earth metals and other minerals to the Soviet Union could lead to a reduction in Soviet purchases of US grain.

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Search on for 'lamb finger'

THE SEARCH to find the meat which is the most popular in New Zealand is under way among New Zealand's meat technologists and scientists.

The trend to increase the processing of meat before it leaves New Zealand has encouraged the move into the production of new consumer items including reconstituted or reformed products. Most of the big meat exporting companies are developing and testing a whole range of such products.

They include sausages, boneless rolled lamb roasts, salamis, mutton hams, lamb burgers, lamb "sandwiches" and freeze-dried products.

So far the only large-scale commercial success has been Bernard Matthews' bonded lamb roast.

The marketing expertise and commercial know-how of Britain's biggest turkey producer was linked with New Zealand lamb producing and processing skills to launch the reconstituted lamb roast—produced at a specially built plant in New Zealand.

The product quickly became popular in Britain, where more than 200,000 families eat every week. It is also catching on rapidly in Canada.

Particularly encouraging is the fact that the lamb roast has quickly established a £20m-a-year British market at a time when UK consumption of traditional roast lamb has dropped by 20 per cent. While no one in the New Zealand meat industry expects the reformed lamb roast ever to replace the traditional Sunday joint, its success has encouraged those who believe that the consumer still has an appetite for innovative meat products and has given added impetus to the search for new, marketable ideas.

Recognising their inexperience in the field many of the big New Zealand meat processors and exporting companies have teamed up with overseas companies in joint venture projects.

Wattie International joined with Noleck and Company, the West German food processing group, to establish Pacific Foods; Challenge Meats has joined forces with the Danish Meat Research Institute; and Wattie Industries and the New

Zealand Meat Board have entered into partnership with Bernard Matthews to set up Advanced Foods.

They are backed by intensive research, funded either by the companies themselves or through the Ministry of Agriculture, at the Meat Industry Research Institute, at the country's two agricultural universities, Massey and Lincoln, and by the Government Department of Scientific and Industrial Research.

A purpose-built meat processing centre has been set up by Research Institute, where a wide range of new products is being tested. Most of these are on the secret list.

One company alone has 13 different potential reformed meat products on the drawing board.

"If we get just one of these products right we will probably be struggling to keep up with market demand," says Mr. Robert Hutton of Challenge Meats. "We know it won't be easy, it takes a lot of time, money and patience."

The fish finger analogy is very much to the forefront in the research scientists' efforts. "No one has yet found the meat equivalent of the fish finger but that is the size of the challenge and the size of the risk," says

Mr. Barry Brill, meat director at Wattie Industries. "We are convinced there is enormous potential in reformed products, particularly for microwave meat meals."

The white meat industry has managed to produce convenient meals from reformed meat and we see no reason why reformed meat such as lamb should not develop along the same line.

Many of the ideas now being tried out are straight copies of the convenience foods already successfully produced from fish, pork or poultry.

The need for further processing of New Zealand lamb has been stressed by politicians and meat company directors for years. It would put added value into New Zealand's exports, provide a bigger range of consumer products, meet the customers' demands for convenient, pre-packaged cuts, provide a greater spread of export markets and extend the production season, providing longer, possibly year-round, employment in what is traditionally a seasonal industry.

Not so long ago the millions of lambs exported from New Zealand were all shipped in whole carcass form. In the past six years this has changed dramatically. In 1979 only 5 per cent of the lamb carcass was processed but now 35 per cent of export lambs are reformed into consumer cuts, reformed meat products and other processed items before leaving the country.

By 1990 the industry estimates that 60 per cent of

New Zealand's lamb will undergo further processing before being shipped overseas. At present about 20 per cent of the further processed product are shipped in the form of frozen, consumer-ready cuts.

The rapid growth has created some marketing confusion as the various companies compete fiercely with each other. In West Germany, for example, there are 14 different brands of New Zealand lamb and meat products on sale in major supermarkets.

A new cutting plant in Dunedin can create up to 80 different cuts from one lamb carcass and the weight, size and shape can be varied to suit the requirements of individual customers.

Some years ago New Zealand scientists developed a process to extend the shelf-life of chilled meat. This has enabled sizeable quantities of chilled meat to be shipped from New Zealand by sea mostly to Britain and Japan—which has been a difficult market for New Zealand. Despite marketing and promotion efforts spread over 17 years, lamb sales have still not reached the level hoped for.

Now chilled lamb is being shipped to Japan to undergo further processing into retail cuts suited to the Japanese consumer's needs in a New Zealand-owned factory near Tokyo.

One of the earlier products used in an attempt to break into the Japanese market was the lamb burger. But it has failed to achieve the success which had been predicted, either in Japan or other countries.

The search goes on, however, for a product with universal appeal strong enough to give the New Zealand lamb industry a new direction and a new success story. Hopes are high that the "lamb finger" could soon be pointing the way to a brighter future.

LONDON MARKETS

COCOA values on the London futures market were hit by a heavy sell-off yesterday after recent chart-based support levels were breached. Dealers said "stale bull liquidation" chart and stop-loss selling and belated hedging against physical purchases feature as the September position slipped \$50 to \$1,291.50—a 51-week low. Sentiment has been affected recently by signs that the West African crop is developing well following recent rains. Early worries about drought, damage to cocoa crops in the region had played a leading part in supporting the market. On the London Metal Exchange Grade A copper prices reassessed the market after a heavy sell-off yesterday. The three-month price slipped \$1.50 to \$1,875.50 a tonne. The three-month price slipped \$1.50 to \$1,875.50 a tonne. The three-month price slipped \$1.50 to \$1,875.50 a tonne.

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CURRENCIES, MONEY & CAPITAL MARKETS

FOREIGN EXCHANGES

Better sentiment helps pound

STERLING ROSE slightly after yesterday's encouraging report from the CBI on industrial trends. Hopes that growth would continue at a sustainable rate and that any capacity constraint would be countered by greater investment in plant and machinery provided a welcome tonic to balance the effects of recent trade and bank lending figures.

However, overseas investors were still cautious, which suggested that sterling was still considered to be a little fragile.

The pound closed at \$1.9900 from \$1.9850 and DM 2.97 against 2.9650. Against the yen it closed at ¥240.50 from ¥240.25. Elsewhere it finished at SFR 2.4575 from SFR 2.45 and FF 8.8675 from FF 8.8675. On Bank of England figures, the pound's exchange rate index finished at 72.6 against 72.5 at the opening and Monday's close.

While the CBI survey provided a better sentiment and at the same time added to an already bullish but suppressed undertone, traders were a little concerned because the pound has so far resisted any temptation to push it above DM 3.00, mainly as a result of intervention by the Bank of England. Until there is sufficient resolve to test this level, the pound's upward potential would appear limited.

The dollar showed very little change during the day in London. There was an absence of any fresh economic data and its inability to break through chart resistance and support levels left most investors

looking for next month's US Treasury refunding programme to give some guide on future dollar trends.

The US unit closed at DM 1.8700 from DM 1.8650 against the Deutsche Mark and ¥150.40 compared with ¥150.35. Short covering kept the dollar above the important ¥150 level but it failed to capitalise on this and early trading in New York saw the US unit fall back. Elsewhere in London it closed at SFR 1.9375 from SFR 1.9385 and FF 6.1900 compared with FF 6.1725.

On Bank of England figures, the dollar's exchange rate index finished at 103.9 from 103.7 on Monday.

DEUTSCHE MARK—Trading range against the dollar in 1987 is 1.8305 to 1.7800. June average 1.8186. Exchange rate index 144.3 against 144.2 six months ago.

Trading in Frankfurt lacked confidence in the dollar's recovery, finishing towards the day's highs on short covering. Chart considerations tended to influence trading in the absence of any fresh economic data.

The US unit closed at DM 1.8600 from DM 1.8550 and ¥149.50 against the Japanese yen. There was no intervention by the Bundesbank at the fixing.

Trading lacked incentive and as a result, the dollar was confined to a narrow range.

JAPANESE YEN—Trading range against the dollar in 1987 is 150.45 to 138.35. June average 144.32. Exchange rate index 215.6 against 215.4 six months ago.

Speculative buying helped the dollar move above the ¥150 level once more in Tokyo. However, there was no clear indication about how much upward potential the dollar possessed and traders were a little uncertain ahead of next month's US Treasury refunding package.

The dollar closed at ¥150.45, up from ¥150.35 on Monday. Resistance against moving the dollar outside its recent trading range was beginning to intensify and in the absence of any fresh economic data to provide impetus, trading was likely to remain in a tight range.

FINANCIAL FUTURES

Gilt prices recover

GILT PRICES staged a comeback in the London International Financial Futures Exchange yesterday. Even before the release of the CBI survey on business trends, prices had been marked up because there had been an inevitable reaction to the recent sharp mark down which resulted from a loss of confidence about poor trade and bank lending figures.

The latter two factors had given rise to increased fears about inflation again reaching worrying levels but yesterday's CBI survey gave a very bullish picture about

production levels and tended to dismiss fears of the economy overheating or that capacity constraints would lead to an influx of imports.

The September long gilt price opened at 119.38 up from 119.13 and reached a best level of 120.11 before closing at 120.00.

Three-month sterling deposits opened unchanged at 90.23 for September delivery and touched a high of 90.36 before closing at 90.30. Cash rates were a little lower but there was still a good deal of debate between those sanctioning a cut in base rates and

& IN NEW YORK

July 28	Latest	Previous
5.00	1.9900-1.9900	1.9850-1.9900
1 month	0.90-0.91	0.90-0.91
3 month	0.90-0.91	0.90-0.91
12 month	2.85-2.85	2.85-2.85

July 28	Latest	Previous
5.00	72.5	72.5
10.00	72.5	72.5
15.00	72.5	72.5
20.00	72.5	72.5
25.00	72.5	72.5
30.00	72.5	72.5
35.00	72.5	72.5
40.00	72.5	72.5

CURRENCY RATES

July 28	Bank	Interbank	European
5.00	1.9900	1.9900	1.9900
10.00	1.9900	1.9900	1.9900
15.00	1.9900	1.9900	1.9900
20.00	1.9900	1.9900	1.9900
25.00	1.9900	1.9900	1.9900
30.00	1.9900	1.9900	1.9900
35.00	1.9900	1.9900	1.9900
40.00	1.9900	1.9900	1.9900

CURRENCY MOVEMENTS

July 28	Bank	Interbank	European
5.00	1.9900	1.9900	1.9900
10.00	1.9900	1.9900	1.9900
15.00	1.9900	1.9900	1.9900
20.00	1.9900	1.9900	1.9900
25.00	1.9900	1.9900	1.9900
30.00	1.9900	1.9900	1.9900
35.00	1.9900	1.9900	1.9900
40.00	1.9900	1.9900	1.9900

OTHER CURRENCIES

July 28	Bank	Interbank	European
5.00	1.9900	1.9900	1.9900
10.00	1.9900	1.9900	1.9900
15.00	1.9900	1.9900	1.9900
20.00	1.9900	1.9900	1.9900
25.00	1.9900	1.9900	1.9900
30.00	1.9900	1.9900	1.9900
35.00	1.9900	1.9900	1.9900
40.00	1.9900	1.9900	1.9900

EMS EUROPEAN CURRENCY UNIT RATES

Unit	Against ECU	% change from 1986	% change from 1985
Belgian Franc	40.3392	+1.34	+0.77
Deutsche Mark	1.936333	+0.23	+0.23
French Franc	6.55958	+0.26	+0.26
Italian Lira	2036.268	+0.25	+0.25
Dutch Guilder	2.36363	+0.27	+0.27
Spanish Peseta	166.637	+1.26	+1.26
Portuguese Escudo	200.482	+1.26	+1.26

POUND SPOT—FORWARD AGAINST THE POUND

July 28	Day's spread	Close	One month	%	Three months	%
5.00	1.9900	1.9900	0.90-0.91	2.85	0.90-0.91	2.85
10.00	1.9900	1.9900	0.90-0.91	2.85	0.90-0.91	2.85
15.00	1.9900	1.9900	0.90-0.91	2.85	0.90-0.91	2.85
20.00	1.9900	1.9900	0.90-0.91	2.85	0.90-0.91	2.85
25.00	1.9900	1.9900	0.90-0.91	2.85	0.90-0.91	2.85
30.00	1.9900	1.9900	0.90-0.91	2.85	0.90-0.91	2.85
35.00	1.9900	1.9900	0.90-0.91	2.85	0.90-0.91	2.85
40.00	1.9900	1.9900	0.90-0.91	2.85	0.90-0.91	2.85

DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

July 28	Day's spread	Close	One month	%	Three months	%
5.00	1.9900	1.9900	0.90-0.91	2.85	0.90-0.91	2.85
10.00	1.9900	1.9900	0.90-0.91	2.85	0.90-0.91	2.85
15.00	1.9900	1.9900	0.90-0.91	2.85	0.90-0.91	2.85
20.00	1.9900	1.9900	0.90-0.91	2.85	0.90-0.91	2.85
25.00	1.9900	1.9900	0.90-0.91	2.85	0.90-0.91	2.85
30.00	1.9900	1.9900	0.90-0.91	2.85	0.90-0.91	2.85
35.00	1.9900	1.9900	0.90-0.91	2.85	0.90-0.91	2.85
40.00	1.9900	1.9900	0.90-0.91	2.85	0.90-0.91	2.85

EURO-CURRENCY INTEREST RATES

July 28	Short term	7 days	One month	Three months	Six months	One year
5.00	1.9900	1.9900	0.90-0.91	2.85	0.90-0.91	2.85
10.00	1.9900	1.9900	0.90-0.91	2.85	0.90-0.91	2.85
15.00	1.9900	1.9900	0.90-0.91	2.85	0.90-0.91	2.85
20.00	1.9900	1.9900	0.90-0.91	2.85	0.90-0.91	2.85
25.00	1.9900	1.9900	0.90-0.91	2.85	0.90-0.91	2.85
30.00	1.9900	1.9900	0.90-0.91	2.85	0.90-0.91	2.85
35.00	1.9900	1.9900	0.90-0.91	2.85	0.90-0.91	2.85
40.00	1.9900	1.9900	0.90-0.91	2.85	0.90-0.91	2.85

EXCHANGE CROSS RATES

July 28	Bank	Interbank	European
5.00	1.9900	1.9900	1.9900
10.00	1.9900	1.9900	1.9900
15.00	1.9900	1.9900	1.9900
20.00	1.9900	1.9900	1.9900
25.00	1.9900	1.9900	1.9900
30.00	1.9900	1.9900	1.9900
35.00	1.9900	1.9900	1.9900
40.00	1.9900	1.9900	1.9900

PHILADELPHIA SE 50 OPTIONS

July 28	Bank	Interbank	European
5.00	1.9900	1.9900	1.9900
10.00	1.9900	1.9900	1.9900
15.00	1.9900	1.9900	1.9900
20.00	1.9900	1.9900	1.9900
25.00	1.9900	1.9900	1.9900
30.00	1.9900	1.9900	1.9900
35.00	1.9900	1.9900	1.9900
40.00	1.9900	1.9900	1.9900

CHICAGO

July 28	Bank	Interbank	European
5.00	1.9900	1.9900	1.9900
10.00	1.9900	1.9900	1.9900
15.00	1.9900	1.9900	1.9900
20.00	1.9900	1.9900	1.9900
25.00	1.9900	1.9900	1.9900
30.00	1.9900	1.9900	1.9900
35.00	1.9900	1.9900	1.9900
40.00	1.9900	1.9900	1.9900

U.S. TREASURY BONDS

July 28	Bank	Interbank	European
5.00	1.9900	1.9900	1.9900
10.00	1.9900	1.9900	1.9900
15.00	1.9900	1.9900	1.9900
20.00	1.9900	1.9900	1.9900
25.00	1.9900	1.9900	1.9900
30.00	1.9900	1.9900	1.9900
35.00	1.9900	1.9900	1.9900
40.00	1.9900	1.9900	1.9900

U.S. TREASURY BILLS

July 28	Bank	Interbank	European
5.00	1.9900	1.9900	1.9900
10.00	1.9900	1.9900	1.9900
15.00	1.9900	1.9900	1.9900
20.00	1.9900	1.9900	1.9900
25.00	1.9900	1.9900	1.9900
30.00	1.9900	1.9900	1.9900
35.00	1.9900	1.9900	1.9900
40.00	1.9900	1.9900	1.9900

U.S. TREASURY NOTES

July 28	Bank	Interbank	European
5.00	1.9900	1.9900	1.9900
10.00	1.9900	1.9900	1.9900
15.00	1.9900	1.9900	1.9900
20.00	1.9900	1.9900	1.9900
25.00	1.9900	1.9900	1.9900
30.00	1.9900	1.9900	1.9900
35.00	1.9900	1.9900	1.9900
40.00	1.9900	1.9900	1.9900

U.S. TREASURY BONDS

July 28	Bank	Interbank	European
5.00	1.9900	1.9900	1.9900
10.00	1.9900	1.9900	1.9900
15.00	1.9900	1.9900	1.9900
20.00	1.9900	1.9900	1.9900
25.00	1.9900	1.9900	1.9900
30.00	1.9900	1.9900	1.9900
35.00	1.9900	1.9900	1.9900
40.00	1.9900	1.9900	1.9900

U.S. TREASURY BONDS

July 28	Bank	Interbank	European
5.00	1.9900	1.9900	1.9900
10.00	1.9900	1.9900	1.9900
15.00	1.9900	1.9900	1.9900
20.00	1.9900	1.9900	1.9900
25.00	1.9900	1.9900	1.9900
30.00	1.9900	1.9900	1.9900
35.00	1.9900	1.9900	1.9900
40.00	1.9900	1.9900	1.9900

U.S. TREASURY BONDS

July 28	Bank	Interbank	European
5.00	1.9900	1.9900	1.9900
10.00	1.9900	1.9900	1.9900
15.00	1.9900	1.9900	1.9900
20.00	1.9900	1.9900	1.9900
25.00	1.9900	1.9900	1.9900
30.00	1.9900	1.9900	1.9900
35.00	1.9900	1.9900	1.9900
40.00	1.9900	1.9900	1.9900

U.S. TREASURY BONDS

July 28	Bank	Interbank	European
5.00	1.9900	1.9900	1.9900
10.00	1.9900	1.9900	1.9900
15.00	1.9900	1.9900	1.9900
20.00	1.9900	1.9900	1.9900
25.00	1.9900	1.9900	1.9900
30.00	1.9900	1.9900	1.9900
35.00	1.9900	1.9900	1.9900
40.00	1.9900	1.9900	1.9900

U.S. TREASURY BONDS

July 28	Bank	Interbank	European
5.00	1.9900	1.9900	1.9900
10.00	1.9900	1.9900	1.9900
15.00	1.9900	1.9900	1.9900
20.00	1.9900	1.9900	1.9900
25.00	1.9900	1.9900	1.9900
30.00	1.9900	1.9900	1.9900
35.00	1.9900	1.9900	1.9900
40.00	1.9900	1.9900	1.9900

U.S. TREASURY BONDS

July 28	Bank	Interbank	European
5.00	1.9900	1.9900	1.9900
10.00	1.9900	1.9900	1.9900
15.00	1.9900	1.9900	1.9900
20.00	1.9900	1.9900	1.9900
25.00	1.9900	1.9900	1.9900
30.00	1.9900	1.9900	1.9900
35.00	1.9900	1.9900	1.9900
40.00	1.9900	1.9900	1.9900

U.S. TREASURY BONDS

	7-5%	7-6-10%	7-7-10%
months 0.5% per cent; Bank Bills 0.5%; currency Bills: Average tender rate of discount; Atlanta up day Jan. 30, 1957. Advised rates: a. Schemes 11 6 1/2%; 10 1/2%; preference 0.940 per cent. Local Authority and Finance Board: Highest Base Rate 5 per cent; lowest 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3 1/2%; 3			

WORLD MARKETS

FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	TUESDAY JULY 28 1987				MONDAY JULY 27 1987				DOLLAR INDEX	
	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	1987 High	1987 Low
Figures in parentheses show number of stocks per grouping										
Australia (94)	146.34	-1.5	135.99	139.28	146.42	-1.3	135.99	139.28	147.21	145.92
Austria (16)	100.38	+0.8	93.08	96.90	100.38	+0.8	93.08	96.90	101.22	98.48
Belgium (48)	132.41	+1.9	122.77	126.37	132.41	+1.9	122.77	126.37	133.11	129.11
Canada (132)	136.07	+0.6	126.17	131.34	136.07	+0.6	126.17	131.34	136.89	133.41
Denmark (39)	114.11	+0.8	105.80	109.38	114.11	+0.8	105.80	109.38	114.82	111.41
France (121)	108.13	+0.0	100.25	104.82	108.13	+0.0	100.25	104.82	108.93	105.79
West Germany (92)	98.42	+0.8	91.25	95.02	98.42	+0.8	91.25	95.02	99.20	96.20
Hong Kong (45)	133.93	-0.3	124.17	134.26	133.93	-0.3	124.17	134.26	134.56	131.11
Ireland (14)	136.83	+0.4	128.72	135.41	136.83	+0.4	128.72	135.41	137.56	134.11
Italy (76)	95.60	-0.1	88.64	95.89	95.60	-0.1	88.64	95.89	96.14	93.41
Japan (458)	135.44	+1.0	125.99	130.52	135.44	+1.0	125.99	130.52	136.14	132.41
Malaysia (36)	184.20	+2.8	170.79	180.60	184.20	+2.8	170.79	180.60	185.26	180.41
Mexico (14)	131.63	+0.4	121.38	125.58	131.63	+0.4	121.38	125.58	132.11	128.41
Netherlands (58)	125.80	+0.0	116.64	120.15	125.80	+0.0	116.64	120.15	126.14	122.41
New Zealand (26)	106.88	-1.0	99.09	103.10	106.88	-1.0	99.09	103.10	107.56	104.11
Norway (24)	150.19	+0.7	139.26	148.78	150.19	+0.7	139.26	148.78	151.11	147.41
South Africa (16)	161.78	+2.5	150.00	157.38	161.78	+2.5	150.00	157.38	162.11	158.41
Spain (43)	137.71	+0.0	125.83	130.52	137.71	+0.0	125.83	130.52	138.11	134.41
Sweden (37)	119.60	+0.7	110.89	114.49	119.60	+0.7	110.89	114.49	120.11	116.41
Switzerland (53)	105.58	+1.9	96.04	98.73	105.58	+1.9	96.04	98.73	106.11	102.41
United Kingdom (336)	154.26	+1.1	143.03	143.03	154.26	+1.1	143.03	143.03	155.11	150.41
USA (991)	127.35	+0.5	118.08	127.35	127.35	+0.5	118.08	127.35	128.11	126.41
Europe (933)	125.29	+0.9	116.17	118.97	125.29	+0.9	116.17	118.97	126.11	122.41
Pacific Basin (68)	135.77	+0.9	125.89	132.26	135.77	+0.9	125.89	132.26	136.11	132.41
Europe-Pacific (163)	131.63	+0.9	122.05	126.16	131.63	+0.9	122.05	126.16	132.11	128.41
North America (723)	127.40	+0.5	118.51	127.40	127.40	+0.5	118.51	127.40	128.11	126.41
Europe Ex. UK (597)	107.31	+0.7	99.50	103.95	107.31	+0.7	99.50	103.95	108.11	104.41
Pacific Ex. Japan (228)	132.44	+0.9	122.80	126.47	132.44	+0.9	122.80	126.47	133.11	129.41
World Ex. US (182)	126.09	+0.7	118.77	124.76	126.09	+0.7	118.77	124.76	126.81	123.11
World Ex. UK (208)	130.06	+0.7	126.38	130.06	130.06	+0.7	126.38	130.06	130.81	129.21
World Ex. Japan (199)	128.04	+0.6	118.72	125.27	128.04	+0.6	118.72	125.27	128.81	125.11
The World Index (2417)	130.42	+0.7	120.92	126.45	130.42	+0.7	120.92	126.45	131.11	127.41

Base values: Dec 31, 1986 = 100

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Contract Indices for July 27: France, Europe, Europe Ex. UK, World Ex. US, World Ex. UK, World Ex. Japan, World Ex. South Africa, World Ex. Japan and The World

EUROPEAN OPTIONS EXCHANGE

Series	Aug 87		Nov 87		Feb 88		Stock
	Vol.	Last	Vol.	Last	Vol.	Last	
GOLD C	3440	1450	145	35	100	37	\$456.10
GOLD P	3446	270	208	22	100	43	"
GOLD C	3500	60	—	—	—	—	"
GOLD P	3420	5	0.50	—	—	—	"
GOLD P	3440	—	—	7.50	—	—	"
<hr/>							
	Sep 87		Dec 87		Mar 88		
SILVER C	3750	—	—	—	6	160	\$781
SILVER P	3800	4	50	—	—	—	"
SILVER P	3708	2	—	—	—	—	"
<hr/>							
	Aug 87		Sep 87		Oct 87		
S/PX C	1200	5	4.50	—	—	—	FL209.56
S/PX C	1210	36	1.50	64	2.20	—	"
S/PX C	1220	—	—	—	0.10	—	"
S/PX C	1225	—	—	—	0.10	—	"
S/PX C	1230	—	—	—	0.10	—	"
S/PX C	1200	10	0.50	3	1.20	2.30A	"
S/PX C	1205	—	—	3	3.50	—	"
<hr/>							
	Dec 87		Mar 88		Jun 88		
S/PX C	1200	10	1.4	—	1	14.60	FL209.56
S/PX C	1205	30	1.3	10.50A	—	—	"
S/PX C	1210	30	1.3	7.70	—	—	"
S/PX C	1215	30	1.3	7.70	—	—	"
S/PX C	1220	30	1.3	7.70	—	—	"
S/PX C	1225	30	1.3	7.70	—	—	"
S/PX C	1230	30	1.3	7.70	—	—	"
S/PX C	1235	30	1.3	7.70	—	—	"
S/PX C	1240	30	1.3	7.70	—	—	"
S/PX C	1245	30	1.3	7.70	—	—	"
S/PX C	1250	30	1.3	7.70	—	—	"
S/PX C	1255	30	1.3	7.70	—	—	"
S/PX C	1260	30	1.3	7.70	—	—	"
S/PX C	1265	30	1.3	7.70	—	—	"
S/PX C	1270	30	1.3	7.70	—	—	"
S/PX C	1275	30	1.3	7.70	—	—	"
S/PX C	1280	30	1.3	7.70	—	—	"
S/PX C	1285	30	1.3	7.70	—	—	"
S/PX C	1290	30	1.3	7.70	—	—	"
S/PX C	1295	30	1.3	7.70	—	—	"
S/PX C	1300	30	1.3	7.70	—	—	"
S/PX C	1305	30	1.3	7.70	—	—	"
S/PX C	1310	30	1.3	7.70	—	—	"
S/PX C	1315	30	1.3	7.70	—	—	"
<hr/>							
	Oct 87		Jan 88		Apr 88		
ABN C	1500	108	13.40	22	—	—	FL490.50
ABN P	1500	40	—	22	—	—	"
ABN P	1495	10	—	23	10	7.26	FL98.80
ALCO C	1700	38	3.75	50	—	—	"
ALCO P	1700	38	3.75	50	—	—	"
ARZO C	1710	671	7.80	147	11	14.60	FL106.40
ARZO P	1710	234	4.40	152	—	—	FL145.80
AWAF C	1720	69	2.20	4.10	—	—	FL66.90
AWAF P	1720	69	2.20	4.10	—	—	"
AWAF P	1725	35	2.40	3.90	—	—	"
AWAF P	1730	35	2.40	3.90	—	—	"
AWAF P	1735	35	2.40	3.90	—	—	"
AWAF P	1740	35	2.40	3.90	—	—	"
AWAF P	1745	35	2.40	3.90	—	—	"
AWAF P	1750	35	2.40	3.90	—	—	"
AWAF P	1755	35	2.40	3.90	—	—	"
AWAF P	1760	35	2.40	3.90	—	—	"
AWAF P	1765	35	2.40	3.90	—	—	"
AWAF P	1770	35	2.40	3.90	—	—	"
AWAF P	1775	35	2.40	3.90	—	—	"
AWAF P	1780	35	2.40	3.90	—	—	"
AWAF P	1785	35	2.40	3.90	—	—	"
AWAF P	1790	35	2.40	3.90	—	—	"
AWAF P	1795	35	2.40	3.90	—	—	"
AWAF P	1800	35	2.40	3.90	—	—	"
AWAF P	1805	35	2.40	3.90	—	—	"
AWAF P	1810	35	2.40	3.90	—	—	"
AWAF P	1815	35	2.40	3.90	—	—	"
AWAF P	1820	35	2.40	3.90	—	—	"
AWAF P	1825	35	2.40	3.90	—	—	"
AWAF P	1830	35	2.40	3.90	—	—	"
AWAF P	1835	35	2.40	3.90	—	—	"
AWAF P	1840	35	2.40	3.90	—	—	"
AWAF P	1845	35	2.40	3.90	—	—	"
AWAF P	1850	35	2.40	3.90	—	—	"
AWAF P	1855	35	2.40	3.90	—	—	"
AWAF P	1860	35	2.40	3.90	—	—	"
AWAF P	1865	35	2.40	3.90	—	—	"
AWAF P	1870	35	2.40	3.90	—	—	"
AWAF P	1875	35	2.40	3.90	—	—	"
AWAF P	1880	35	2.40	3.90	—	—	"
AWAF P	1885	35	2.40	3.90	—	—	"
AWAF P	1890	35	2.40	3.90	—	—	"
AWAF P	1895	35	2.40	3.90	—	—	"
AWAF P	1900	35	2.40	3.90	—	—	"
AWAF P	1905	35	2.40	3.90	—	—	"
AWAF P	1910	35	2.40	3.90	—	—	"
AWAF P	1915	35	2.40	3.90	—	—	"
AWAF P	1920	35	2.40	3.90	—	—	"
AWAF P	1925	35	2.40	3.90	—	—	"
AWAF P	1930	35	2.40	3.90	—	—	"
AWAF P	1935	35	2.40	3.90	—	—	"
AWAF P	1940	35	2.40	3.90	—	—	"
AWAF P	1945	35	2.40	3.90	—	—	"
AWAF P	1950	35	2.40	3.90	—	—	"
AWAF P	1955	35	2.40	3.90	—	—	"
AWAF P	1960	35	2.40	3.90	—	—	"
AWAF P	1965	35	2.40	3.90	—	—	"
AWAF P	1970	35	2.40	3.90	—	—	"
AWAF P	1975	35	2.40	3.90	—	—	"
AWAF P	1980	35	2.40	3.90	—	—	"
AWAF P	1985	35	2.40	3.90	—	—	"
AWAF P	1990	35	2.40	3.90	—	—	"
AWAF P	1995	35	2.40	3.90	—	—	"
AWAF P	2000	35	2.40	3.90	—	—	"
AWAF P	2005	35	2.40	3.90	—	—	"
AWAF P	2010	35	2.40	3.90	—	—	"
AWAF P	2015	35	2.40	3.90	—	—	"
AWAF P	2020	35	2.40	3.90	—	—	"
AWAF P	2025	35	2.40	3.90	—	—	"
AWAF P	2030	35	2.40	3.90	—	—	"
AWAF P	2035	35	2.40	3.90	—	—	"
AWAF P	2040	35	2.40	3.90	—	—	"
AWAF P	2045	35	2.40	3.90	—	—	"
AWAF P	2050	35	2.40	3.90	—	—	"
AWAF P	2055	35	2.40	3.90	—	—	"
AWAF P	2060	35	2.40	3.90	—	—	"
AWAF P	2065	35	2.40	3.90	—	—	"
AWAF P	2070	35	2.40	3.90	—	—	"
AWAF P	2075	35	2.40	3.90	—	—	"
AWAF P	2080	35	2.40	3.90	—	—	"
AWAF P	2085	35	2.40	3.90	—	—	"
AWAF P	2090	35	2.40	3.90	—	—	"
AWAF P	2095	35	2.40	3.90	—	—	"
AWAF P	2100	35	2.40	3.90	—	—	"
AWAF P	2105	35	2.40	3.90	—	—	"
AWAF P	2110	35	2.40	3.90	—	—	"
AWAF P	2115	35	2.40	3.90	—	—	"
AWAF P	2120	35	2.40	3.90	—	—	"
AWAF P	2125	35	2.40	3.90	—	—	"
AWAF P	2130	35	2.40	3.90	—	—	"
AWAF P	2135	35	2.40	3.90	—	—	"
AWAF P	2140	35	2.40	3.90	—	—	"
AWAF P	2145	35	2.40	3.90	—	—	"
AWAF P	2150	35	2.40	3.90	—	—	"
AWAF P	2155	35	2.40	3.90	—	—	"
AWAF P	2160	35	2.40	3.90	—	—	"
AWAF P	2165	35	2.40	3.90	—	—	"
AWAF P	2170	35	2.40	3.90	—	—	"
AWAF P	2175	35	2.40	3.90	—	—	"
AWAF P	2180	35	2.40	3.90	—	—	"
AWAF P	2185	35	2.40	3.90	—	—	"
AWAF P	2190	35	2.40	3.90	—	—	"
AWAF P	2195	35	2.40	3.90	—	—	"
AWAF P	2200	35	2.40	3.90	—	—	"
AWAF P	2205	35	2.40	3.90	—	—	"
AWAF P	2210	35	2.40	3.90	—	—	"
AWAF P	2215	35	2.40	3.90	—	—	"
AWAF P	2220	35	2.40	3.90	—	—	"
AWAF P	2225	35	2.40	3.90	—	—	"
AWAF P	2230	35	2.40	3.90	—	—	"
AWAF P	2235	35	2.40	3.90	—	—	"
AWAF P	2240	35	2.40	3.90	—	—	"
AWAF P	2245	35	2.40	3.90	—	—	"
AWAF P	2250	35	2.40	3.90	—	—	"
AWAF P	2255	35	2.40	3.90	—	—	"
AWAF P	2260	35	2.40	3.90	—	—	"
AWAF P	2265	35	2.40	3.90	—	—	"
AWAF P	2270	35	2.40	3.90	—	—	"
AWAF P	2275	35	2.40	3.90	—	—	"
AWAF P	2280	35	2.40	3.90	—	—	"
AWAF P	2285	35	2.40	3.90	—	—	"
AWAF P	2290	35	2.40	3.90	—	—	"
AWAF P	2295	35	2.40	3.90	—	—	"
AWAF P	2300	35	2.40	3.90	—	—	"
AWAF P	2305	35	2.40	3.90	—	—	"
AWAF P	2310	35	2.40	3.90	—	—	"
AWAF P	2315	35	2.40	3.90	—	—	"
AWAF P	2320	35	2.40	3.90	—	—	"
AWAF P	2325	35	2.40	3.90	—	—	"
AWAF P	2330	35	2.40	3.90	—	—	"
AWAF P	2335	35	2.40	3.90	—	—	"
AWAF P	2340	35	2.40	3.90	—	—	"
AWAF P	2345	35	2.40	3.90	—	—	"
AWAF P	2350	35	2.40	3.90	—	—	"
AWAF P	2355	35	2.40	3.90	—	—	"
AWAF P	2360	35	2.40	3.90	—	—	"
AWAF P	2365	35	2.40	3.90	—	—	"
AWAF P	2370	35	2.40	3.90	—	—	"
AWAF P	2375	35	2.40	3.90	—	—	"
AWAF P	2380	35	2.40	3.90	—	—	"
AWAF P	2385	35	2.40	3.90	—	—	"
AWAF P	2390	35	2.40	3.90	—	—	"
AWAF P	2395	35	2.40	3.90	—	—	"
AWAF P	2400	35	2.40	3.90	—	—	"
AWAF P	2405	35	2.40	3.90	—	—	"
AWAF P	2410	35	2.40	3.90	—	—	"
AWAF P	2415	35	2.40	3.90	—	—	"
AWAF P	2420	35	2.40	3.90	—	—	"
AWAF P	2425	35	2.40	3.90	—	—	"
AWAF P	2430	35	2.40	3.90	—	—	"
AWAF P	2435	35	2.40	3.90	—	—	"
AWAF P	2440	35	2				

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Financial Times Wednesday July 29 1987

هذه امة الاصل

LONDON SHARE SERVICE

[illegible]

BUILDING, TIMBER, ROADS—Cont

ENGINEERING—Continued

INDUSTRIALS—Continued

INDUSTRIALS—Continued

2007		2008		2009		2010		2011		2012		2013		2014		2015		2016		2017		2018		2019		2020		2021		2022		2023		2024		2025		2026		2027		2028		2029		2030		2031		2032		2033		2034		2035		2036		2037		2038		2039		2040		2041		2042		2043		2044		2045		2046		2047		2048		2049		2050		2051		2052		2053		2054		2055		2056		2057		2058		2059		2060		2061		2062		2063		2064		2065		2066		2067		2068		2069		2070		2071		2072		2073		2074		2075		2076		2077		2078		2079		2080		2081		2082		2083		2084		2085		2086		2087		2088		2089		2090		2091		2092		2093		2094		2095		2096		2097		2098		2099		2100		2101		2102		2103		2104		2105		2106		2107		2108		2109		2110		2111		2112		2113		2114		2115		2116		2117		2118		2119		2120		2121		2122		2123		2124		2125		2126		2127		2128		2129		2130		2131		2132		2133		2134		2135		2136		2137		2138		2139		2140		2141		2142		2143		2144		2145		2146		2147		2148		2149		2150		2151		2152		2153		2154		2155		2156		2157		2158		2159		2160		2161		2162		2163		2164		2165		2166		2167		2168		2169		2170		2171		2172		2173		2174		2175		2176		2177		2178		2179		2180		2181		2182		2183		2184		2185		2186		2187		2188		2189		2190		2191		2192		2193		2194		2195		2196		2197		2198		2199		2200		2201		2202		2203		2204		2205		2206		2207		2208		2209		2210		2211		2212		2213		2214		2215		2216		2217		2218		2219		2220		2221		2222		2223		2224		2225		2226		2227		2228		2229		2230		2231		2232		2233		2234		2235		2236		2237		2238		2239		2240		2241		2242		2243		2244		2245		2246		2247		2248		2249		2250		2251		2252		2253		2254		2255		2256		2257		2258		2259		2260		2261		2262		2263		2264		2265		2266		2267		2268		2269		2270		2271		2272		2273		2274		2275		2276		2277		2278		2279		2280		2281		2282		2283		2284		2285		2286		2287		2288		2289		2290		2291		2292		2293		2294		2295		2296		2297		2298		2299		2300		2301		2302		2303		2304		2305		2306		2307		2308		2309		2310		2311		2312		2313		2314		2315		2316		2317		2318		2319		2320		2321		2322		2323		2324		2325		2326		2327		2328		2329		2330		2331		2332		2333		2334		2335		2336		2337		2338		2339		2340		2341		2342		2343		2344		2345		2346		2347		2348		2349		2350		2351		2352		2353		2354		2355		2356		2357		2358		2359		2360		2361		2362		2363		2364		2365		2366		2367		2368		2369		2370		2371		2372		2373		2374		2375		2376		2377		2378		2379		2380		2381		2382		2383		2384		2385		2386		2387		2388		2389		2390		2391		2392		2393		2394		2395		2396		2397		2398		2399		2400		2401		2402		2403		2404		2405		2406		2407		2408		2409		2410		2411		2412		2413		2414		2415		2416		2417		2418		2419		2420		2421		2422		2423		2424		2425		2426		2427		2428		2429		2430		2431		2432		2433		2434		2435		2436		2437		2438		2439		2440		2441		2442		2443		2444		2445		2446		2447		2448		2449		2450		2451		2452		2453		2454		2455		2456		2457		2458		2459		2460		2461		2462		2463		2464		2465		2466		2467		2468		2469		2470		2471		2472		2473		2474		2475		2476		2477		2478		2479		2480		2481		2482		2483		2484		2485		2486		2487		2488		2489		2490		2491		2492		2493		2494		2495		2496		2497		2498		2499		2500		2501		2502		2503		2504		2505		2506		2507		2508		2509		2510		2511		2512		2513		2514		2515		2516		2517		2518		2519		2520		2521		2522		2523		2524		2525		2526		2527		2528		2529		2530		2531		2532		2533		2534		2535		2536		2537		2538		2539		2540		2541		2542		2543		2544		2545		2546		2547		2548		2549		2550		2551		2552		2553		2554		2555		2556		2557		2558		2559		2560		2561		2562		2563		2564		2565		2566		2567		2568		2569		2570		2571		2572		2573		2574		2575		2576		2577		2578		2579		2580		2581		2582		2583		2584		2585		2586		2587		2588		2589		2590		2591		2592		2593		2594		2595		2596		2597		2598		2599		2600		2601		2602		2603		2604		2605		2606		2607		2608		2609		2610		2611		2612		2613		2614		2615		2616		2617		2618		2619		2620		2621		2622		2623		2624		2625		2626		2627		2628		2629		2630		2631		2632		2633		2634		2635		2636		2637		2638		2639		2640		2641		2642		2643		2644		2645		2646		2647		2648		2649		2650		2651		2652		2653		2654		2655		2656		2657		2658		2659		2660		2661		2662		2663		2664		2665		2666		2667		2668		2669		2670		2671		2672		2673		2674		2675		2676		2677		2678		2679		2680		2681		2682		2683		2684		2685		2686		2687		2688		2689		2690		2691		2692		2693		2694		2695		2696		2697		2698		2699		2700		2701		2702		2703		2704		2705		2706		2707		2708		2709		2710		2711		2712		2713		2714		2715		2716		2717		2718		2719		2720		2721		2722		2723		2724		2725		2726		2727		2728		2729		2730		2731		2732		2733		2734		2735		2736		2737		2738		2739		2740		2741		2742		2743		2744		2745		2746		2747		2748		2749		2750		2751		2752		2753		2754		2755		2756		2757		2758		2759		2760		2761		2762		2763		2764		2765		2766		2767		2768		2769		2770		2771		2772		2773		2774		2775		2776		2777		2778		2779		2780		2781		2782		2783		2784		2785		2786		2787		2788		2789		2790		2791		2792		2793		2794		2795		2796		2797		2798		2799		2800		2801		2802		2803		2804		2805		2806		2807		2808		2809		2810		2811		2812		2813		2814		2815		2816		2817		2818		2819		2820		2821		2822		2823		2824		2825		2826		2827		2828		2829		2830		2831		2832		2833		2834		2835		2836		2837		2838		2839		28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Pachins	510		14.0	2
Polypipe 10p	376	+1	11.65	3
RMC	520	+1	18.75	3
Flare Inds. 10p	152	+2	10.80	2

[illegible]

BANKS, HP & LEASING

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

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تاریخ ۱۳۰۲

LONDON SHARE SERVICE

LONDON SHARE SERVICE

INSURANCE—Continued

1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994	993	992	991	990	989	988	987	986	985	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FINANCIAL TIMES
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مكتبة الأصل

AMEX COMPOSITE CLOSING PRICES

[illegible]

Stock	Sales (thous)	High	Low	Last	Chg	Stock	Sales (thous)	High	Low	Last	Chg	Stock	Sales (thous)	High	Low	Last	Chg
ADC	17 44	225	135	231	25	Chen	57 625	264	141	251	+	PLAT	30	230	115	115	+
ADG	33 115	135	131	135	+	Chen	27 225	23	131	131	+	PLAT 1.10	10	230	115	115	+
AST	22 872	145	131	145	+	Chen	27 225	23	131	131	+	PLAT 2.10	10	230	115	115	+
ATC	10 100	145	131	145	+	Chen	27 225	23	131	131	+	PLAT 3.10	10	230	115	115	+
ATC 1.10	10 100	145	131	145	+	Chen	27 225	23	131	131	+	PLAT 4.10	10	230	115	115	+
ATC 2.10	10 100	145	131	145	+	Chen	27 225	23	131	131	+	PLAT 5.10	10	230	115	115	+
ATC 3.10	10 100	145	131	145	+	Chen	27 225	23	131	131	+	PLAT 6.10	10	230	115	115	+
ATC 4.10	10 100	145	131	145	+	Chen	27 225	23	131	131	+	PLAT 7.10	10	230	115	115	+
ATC 5.10	10 100	145	131	145	+	Chen	27 225	23	131	131	+	PLAT 8.10	10	230	115	115	+
ATC 6.10	10 100	145	131	145	+	Chen	27 225	23	131	131	+	PLAT 9.10	10	230	115	115	+
ATC 7.10	10 100	145	131	145	+	Chen	27 225	23	131	131	+	PLAT 10.10	10	230	115	115	+
ATC 8.10	10 100	145	131	145	+	Chen	27 225	23	131	131	+	PLAT 11.10	10	230	115	115	+
ATC 9.10	10 100	145	131	145	+	Chen	27 225	23	131	131	+	PLAT 12.10	10	230	115	115	+
ATC 10.10	10 100	145	131	145	+	Chen	27 225	23	131	131	+	PLAT 13.10	10	230	115	115	+
ATC 11.10	10 100	145	131	145	+	Chen	27 225	23	131	131	+	PLAT 14.10	10	230	115	115	+
ATC 12.10	10 100	145	131	145	+	Chen	27 225	23	131	131	+	PLAT 15.10	10	230	115	115	+
ATC 13.10	10 100	145	131	145	+	Chen	27 225	23	131	131	+	PLAT 16.10	10	230	115	115	+
ATC 14.10	10 100	145	131	145	+	Chen	27 225	23	131	131	+	PLAT 17.10	10	230	115	115	+
ATC 15.10	10 100	145	131	145	+	Chen	27 225	23	131	131	+	PLAT 18.10	10	230	115	115	+
ATC 16.10	10 100	145	131	145	+	Chen	27 225	23	131	131	+	PLAT 19.10	10	230	115	115	+
ATC 17.10	10 100	145	131	145	+	Chen	27 225	23	131	131	+	PLAT 20.10	10	230	115	115	+
ATC 18.10	10 100	145	131	145	+	Chen	27 225	23	131	131	+	PLAT 21.10	10	230	115	115	+
ATC 19.10	10 100	145	131	145	+	Chen	27 225	23	131	131	+	PLAT 22.10	10	230	115	115	+
ATC 20.10	10 100	145	131	145	+	Chen	27 225	23	131	131	+	PLAT 23.10	10	230	115	115	+
ATC 21.10	10 100	145	131	145	+	Chen	27 225	23	131	131	+	PLAT 24.10	10	230	115	115	+
ATC 22.10	10 100	145	131	145	+	Chen	27 225	23	131	131	+	PLAT 25.10	10	230	115	115	+
ATC 23.10	10 100	145	131	145	+	Chen	27 225	23	131	131	+	PLAT 26.10	10	230	115	115	+
ATC 24.10	10 100	145	131	145	+	Chen	27 225	23	131	131	+	PLAT 27.10	10	230	115	115	+
ATC 25.10	10 100	145	131	145	+	Chen	27 225	23	131	131	+	PLAT 28.10	10	230	115	115	+
ATC 26.10	10 100	145	131	145	+	Chen	27 225	23	131	131	+	PLAT 29.10	10	230	115	115	+
ATC 27.10	10 100	145	131	145	+	Chen	27 225	23	131	131	+	PLAT 30.10	10	230	115	115	+
ATC 28.10	10 100	145	131	145	+	Chen	27 225	23	131	131	+	PLAT 31.10	10	230	115	115	+
ATC 29.10	10 100	145	131	145	+	Chen	27 225	23	131	131	+	PLAT 32.10	10	230	115	115	+
ATC 30.10	10 100	145	131	145	+	Chen	27 225	23	131	131	+	PLAT 33.10	10	230	115	115	+
ATC 31.10	10 100	145	131	145	+	Chen	27 225	23	131	131	+	PLAT 34.10	10	230	115	115	+
ATC 32.10	10 100	145	131	145	+	Chen	27 225	23	131	131	+	PLAT 35.10	10	230	115	115	+
ATC 33.10	10 100	145	131	145	+	Chen	27 225	23	131	131	+	PLAT 36.10	10	230	115	115	+
ATC 34.10	10 100	145	131	145	+	Chen	27 225	23	131	131	+	PLAT 37.10	10	230	115	115	+
ATC 35.10	10 100	145	131	145	+	Chen	27 225	23	131	131	+	PLAT 38.10	10	230	115	115	+
ATC 36.10	10 100	145	131	145	+	Chen	27 225	23	131	131	+	PLAT 39.10	10	230	115	115	+
ATC 37.10	10 100	145	131	145	+	Chen	27 225	23	131	131	+	PLAT 40.10	10	230	115	115	+
ATC 38.10	10 100	145	131	145	+	Chen	27 225	23	131	131	+	PLAT 41.10	10	230	115	115	+
ATC 39.10	10 100	145	131	145	+	Chen	27 225	23	131	131	+	PLAT 42.10	10	230	115	115	+
ATC 40.10	10 100	145	131	145	+	Chen	27 225	23	131	131	+	PLAT 43.10	10	230	115	115	+
ATC 41.10	10 100	145	131	145	+	Chen	27 225	23	131	131	+	PLAT 44.10	10	230	115	115	+
ATC 42.10	10 100	145	131	145	+	Chen	27 225	23	131	131	+	PLAT 45.10	10	230	115	115	+
ATC 43.10	10 100	145	131	145	+	Chen	27 225	23	131	131	+	PLAT 46.10	10	230	115	115	+
ATC 44.10	10 100	145	131	145	+	Chen	27 225	23	131	131	+	PLAT 47.10	10	230	115	115	+
ATC 45.10	10 100	145	131	145	+	Chen	27 225	23	131	131	+	PLAT 48.10	10	230	115	115	+
ATC 46.10	10 100	145	131	145	+	Chen	27 225	23	131	131	+	PLAT 49.10	10	230	115	115	+
ATC 47.10	10 100	145	131	145	+	Chen	27 225	23	131	131	+	PLAT 50.10	10	230	115	115	+
ATC 48.10	10 100	145	131	145	+	Chen	27 225	23	131	131	+	PLAT 51.10	10	230	115	115	+
ATC 49.10	10 100	145	131	145	+	Chen	27 225	23	131	131	+	PLAT 52.10	10	230	115	115	+
ATC 50.10	10 100	145	131	145	+	Chen	27 225	23	131	131	+	PLAT 53.10	10	230	115	115	+
ATC 51.10	10 100	145	131	145	+	Chen	27 225	23	131	131	+	PLAT 54.10	10	230	115	115	+
ATC 52.10	10 100	145	131	145	+	Chen	27 225	23	131	131	+	PLAT 55.10	10	230	115	115	+
ATC 53.10	10 100	145	131	145	+	Chen	27 225	23	131	131	+	PLAT 56.10	10	230	115	115	+
ATC 54.10	10 100	145	131	145	+	Chen	27 225	23	131	131	+	PLAT 57.10	10	230	115	115	+
ATC 55.10	10 100	145	131	145	+	Chen	27 225	23	131	131	+	PLAT 58.10	10	230	115	115	+
ATC 56.10	10 100	145	131	145	+	Chen	27 225	23	131	131	+	PLAT 59.10	10	230	115	115	+
ATC 57.10	10 100	145	131	145	+	Chen	27 225	23	131	131	+	PLAT 60.10	10	230	115	115	+
ATC 58.10	10 100	145	131	145	+	Chen	27 225	23	131	131	+	PLAT 61.10	10	230	115	115	+
ATC 59.10	10 100	145	131	145	+	Chen	27 225	23	131	131	+	PLAT 62.10	10	230	115	115	+
ATC 60.10	10 100	145	131	145	+	Chen	27 225	23	131	131	+	PLAT 63.10	10	230	115	115	+
ATC 61.10	10 100	145	131	145	+	Chen	27 225	23	131	131	+	PLAT 64.10	10	230	115	115	+
ATC 62.10	10 100	145	131	145	+	Chen	27 225	23	131	131	+	PLAT 65.10	10	230	115	115	+
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ATC 65.10	10 100	145	131	145	+	Chen	27 225	23	131	131	+	PLAT 68.10	10	230	115	115	+
ATC 66.10	10 100	145	131	145	+	Chen	27 225	23	131	131	+	PLAT 69.10	10	230	115	115	+
ATC 67.10	10 100	145	131	145	+	Chen	27 225	23	131	131	+	PLAT 70.10	10	230	115	115	+
ATC 68.10	10 100	145	131	145	+	Chen	27 225	23	131	131	+	PLAT 71.10	10	230	115	115	+
ATC 69.10	10 100	145	131	145	+	Chen	27 225	23	131	131	+	PLAT 72.10	10	230	115	115	+
ATC 70.10	10 100	145	131	145	+	Chen	27 225	23	131	131	+	PLAT 73.10	10	230	115	115	+
ATC 71.10	10 100	145	131	145	+	Chen	27 225	23	131	131	+	PLAT 74.10	10	230	115	115	+
ATC 72.10	10 100	145	131	145	+	Chen	27 225	23	131	131	+	PLAT 75.10	10	230	115	115	+
ATC 73.10	10 100	145	131	145	+	Chen	27 225	23	131	131	+	PLAT 76.10	10	230	115	115	+
ATC 74.10	10 100	145	131	145	+	Chen	27 225	23	131	131	+	PLAT 77.10	10	230	115	115	+
ATC 75.10	10 100	145	131	145	+	Chen	27 225	23	131	131	+	PLAT 78.10	10	230	115	115	+
ATC 76.10	10 100	145	131	145	+	Chen	27 225	23	131	131	+	PLAT 79.10	10	230	115	115	+
ATC 77.10	10 100	145	131	145	+	Chen	27 225	23	131	131	+	PLAT 80.10	10	23			

Continued on Page 43



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FINANCIAL TIMES

WORLD STOCK MARKETS

Brisk trading in blue chips leads to record

WALL STREET

SPURRED by special interest in a few stocks, Wall Street share prices rose strongly yesterday to record levels on brisk volume, writes *Robert Oram* in New York.

Some help came initially from firmer credit markets but bond prices eased during the morning as the dollar weakened.

The Dow Jones industrial average closed up 25.83 points at 2,519.77, breaking the previous record of 2,510.04 set on July 17, despite losing some of the gains temporarily in the middle of the day.

The best of the gains came in the blue chips leaving the broader market indices lagging, particularly after the mid-session weakness. The Standard & Poor's 500 index closed up 1.68 at 312.33 and the New York Stock Exchange composite index added 0.77 to 175.24.

NYSE volume was 172.6m shares with the number of shares advancing outpacing those declining by a ratio of two-to-one. Market watchers are somewhat surprised stocks have not experienced more of a correction since the previous record but pointed out yesterday's performance was underpinned by a few big gains.

The Dow Industrial index was buoyed by three special issues - Boeing, Merck and American Express - out of its 30 component stocks. Boeing leapt 8% to \$53.30 on news that Mr. T. Boone Pickens planned to acquire shares in the company. It was widely doubted, however, that he would launch a bid but would more likely buy the shares as an investment. It was the most active New York Stock Exchange issue with more than 5.8m shares traded.

Merck added 3% to \$188 after rising 5% on Monday. It raised its quarterly dividend to 90 cents a share from 55 cents, announced a \$1bn share buyback and said it was studying a two-for-one stock split.

American Express added 5% to \$38.40 on nearly 3.8m shares making it the third most active NYSE issue. The travel and financial services group said late Monday it planned to buy back up to 40m of its shares, some 9.3 per cent of the total, in the next two or three years.

The Boeing news helped raise other aerospace stocks. United Technologies gained 5% to \$53.50, Lintec added 5% to \$10.10, General Dynamics rose 5% to \$67.00, Lockheed up 5% to \$56 and McDonnell Douglas added 5% to \$73.00.

Elsewhere in the takeover arena, Jim Walter gained 3% to \$34.00. The board of the Florida building products group said it would explore alternatives to the \$50 a share buyout proposed by Kohlberg Kravis Roberts.

The withdrawal of Mr. Robert Maxwell, the British media magnate, from his attempt to takeover Harcourt Brace Jovanovich, down 5% to \$12.24, and his determination

to try another target spurred interest in other publishing companies. McGraw-Hill added 4% to \$74.00, Macmillan added 5% to \$68.00 and Time rose 3% to \$109.00.

Goodyear Tire and Rubber rose 5% to \$71.00. It reported on Monday a 31 per cent rise in second quarter profits.

Among companies reporting higher earnings yesterday, USX added 4% to \$37.00, USLIFE was unchanged at \$38.00, Home Group added 5% to \$19.00, Borden gained 5% to \$39.00 and Kerr McGee was up 5% to \$39.00.

Digital Equipment dropped 5% to \$109.00 after a brokerage house lowered its earnings forecast. Cray Research fell 1% to \$100.00. It unveiled yesterday a new line of supercomputers with performance substantially higher than existing models.

Three oil companies reported lower profits from continuing operations. Texaco was off 5% to \$46.00, Mobil added 1% to \$32.00 and Chevron gained 1% to \$60.00.

Credit markets failed to sustain the small increase in bond prices of nearly half a point at the opening which had been prompted by short-covering. By late afternoon, the benchmark 8.75 per cent Treasury long bond was off 1/8 of a point from the previous close at 88 1/8 yielding 8.88 per cent.

The markets remain preoccupied by the upcoming heavy schedule of Treasury auctions. Expectations are growing that Congress will pass soon a temporary increase to the federal Government's debt ceiling until about August 6. This would allow the Treasury to fit in as many as four auctions tomorrow, Friday, Tuesday and Wednesday in addition to the regular weekly bill auction on Monday.

But the timing of the three-day August quarterly refunding remains in doubt. It might have to be postponed a week or so to August 11-13 once Congress has approved a longer term increase in the ceiling to allow sale of some \$28bn of securities.

CANADA

WEAK base metal and mining shares dragged Toronto prices lower in spite of gains among precious metals.

Alcan slipped 5% to C\$44.00 and Inco 5% to C\$30.00 among lower miners. Falconbridge joined the trend with a C\$4 dip to C\$26.00 along with Cominco, C\$4 off at C\$20.00.

Golds, though, pushed ahead as bullion prices stiffened. Echo Bay was C\$14 higher at C\$30.00, Placer C\$4 up at C\$22.00 and Dome Mines C\$4 stronger at C\$19.00.

Energy issues were mixed. Shell Canada rose 5% to C\$47.00 and Dome was 1 cent stronger at C\$11.12. Texaco Canada, however, fell 5% to C\$37.00.

Montreal drifted lower. Vancouver moved ahead.

Gulf money spurs Spanish bull run

BY DAVID WHITE IN MADRID

SPANISH stock prices hit fresh highs for the year yesterday in a second day of enthusiastic buying prompted mainly by Kuwait-backed investments in Spanish industrial companies and banks.

The Madrid general index, based at 100 at the beginning of last year, moved up a further 5.75 points to 276.61 after a 6.71 point gain on Monday.

Recent speculative demand on the market has rapidly broadened to include the mainstream banking and electrical power sectors, and these were joined yesterday by construction

stocks. Almost all sectors were affected by the buoyant trend, which was echoed to different extents in the regional exchanges of Barcelona, Bilbao and Valencia.

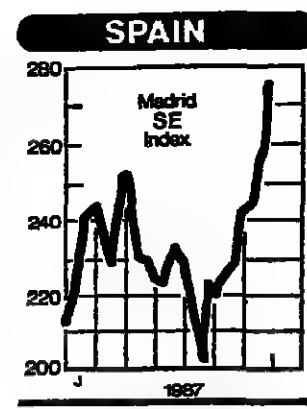
The latest surge followed the announcement of a series of equity purchases by Torres Hostench, the paper company which represents the Kuwaiti investment office's main interest in Spain, and it has been sustained by rumours of further block purchases in other companies.

Union Explosivos Rio Tinto (ERT), the chemical group now 15 per cent held by Torres,

moved up to 910 per cent of par yesterday, showing a rise of 46 per cent over the last week.

The trend has been aided by strong bank results, including Vizcaya, which after Torres's purchase of a 4.6 per cent stake announced a plan to upgrade its nominal share value by 50 per cent.

It has also been underpinned by an improvement in the general economic outlook, with inflation currently on target to meet the Government's 5 per cent objective for the year and with indications of higher-than-expected growth.



LONDON

BAA hits premium in rising market

DEALING in the shares of BAA, formerly the British Airports Authority, got off to a satisfactory start yesterday in a thin but lively London equity market.

The 100p partly-paid shares opened at a mid-price of 142p and hovered between that level and 147p during the day to close at 146p. Some 57m shares changed hands, equivalent to 13 per cent of the whole 500m share issue.

However, only a handful of market makers traded the stock and brokers shied away from involvement in yet another rush of small bargains amid worries about overloading the settlement systems.

In the market as a whole, share prices were boosted by an enthusiastic survey of prospects at leading companies compiled by the Confederation of British Industry.

The FT-SE 100 index closed 25.0 higher at 3,399.9 while the FT Ordinary index was up 20.8 at 1,855.0. Turnover was very thin and there was little sign of foreign interest.

With domestic money market rates steady, prices opened sharply higher in a partly technical correction. But the rebound also reflected gains in such industrial leaders as ICI, up 1/2 at £19.00, and Glaxo, 1/2 higher at £17.00.

In the financial sector, National Westminster Bank's half-year results were well received; the bank's shares rose 1 1/2 to 78p. A revival of confidence in the sector played a significant part in the market's upturn.

The government bond market made a fairly convincing recovery. The Treasury market followed Life futures closely, ending just off the top with net gains of 1/4 in longer-dated issues and a little less in medium-term. Short-dated gilts made little response to the improved trend in the money market.

Details, Page 46; BAA first day, Page 26

EUROPE

Dollar lends buoyancy as Brussels stars again

BELGIAN, Spanish and Swedish share prices broke new high ground as overnight strength on Wall Street and the firmer dollar enlivened most European markets.

Brussels hit a seventh consecutive peak as overseas institutions continued to buy keenly in a market of few sellers. The stock exchange index surged 98.72 to 3,346.33 taking the gain so far this week to 180.21.

The market's broad, sharp gains were again led by chemicals, with Petrofina extending its 12-month high by a further Bfr 800 to end at Bfr 14,050. Solvay also climbed up a year's high, rising Bfr 450 to Bfr 15,100.

Holdings rose more steadily, with GBL up Bfr 95 to Bfr 4,235, Sidro Bfr 120 ahead at Bfr 2,510 and Copelco Bfr 110 higher at Bfr 6,310. Reserve was unchanged at Bfr 4,170.

Ebes and Electrafina spurred a further rise among utilities, adding Bfr 120 and Bfr 130 respectively to Bfr 5,300 and Bfr 8,400.

Other strong issues included steelmaker Arbed, up Bfr 80 to Bfr 1,755, supermarket chain GB Inno, Bfr 84 higher at Bfr 1,440, and Beiersdorf, which added Bfr 500 to Bfr 12,500.

Frankfurt perked up as the dollar's higher fix against the D-Mark attracted overseas investors. The FAZ index added 5.73 to 642.81, while the mid-session Commerzbank index was 1.54 higher at 1,948.4.

The buoyant market was able to absorb news of a big fall in partial first half operating profits at Commerzbank. Its stock rose DM 12 to DM 647 and Dresdner DM 7.30 to DM 337.50, both in advance of half-year results due this week.

Cars accelerated on the firmer dollar, with Daimler rising DM 13.50 to DM 1,150, VW adding DM 10.50 to DM 402 and BMW adding DM 9.50 to DM 700.50.

BASF's DM 4.50 advance to DM 315.30 led a strong chemicals sector as Bayer climbed DM 2 to DM 345 and Hoechst DM 2.90 to DM 335.20.

Steelmaker Thyssen, however, tumbled DM 1.90 to DM 127.00 on news of undisclosed, but what it called "satisfactory", profits and a

SONAE, Portugal's largest private holding company, will apply for a listing on the London Stock Exchange in the first quarter of 1988, Benter reports from Lisbon.

Mr. Belmino Azevedo, director, said Sonae would be the first private Portuguese company to be quoted on a foreign stock exchange. As well as an international presence, the move would give it greater liquidity than it has on the small Lisbon and Oporto exchanges.

Paris firmed slightly as the market took cheer from Monday's unemployment figures and improved hopes of a cut in lending rates.

Banks, foods and construction all advanced. Orléans, however, was hurt by unconfirmed reports that the French Government may consider an embargo on Iranian crude imports.

Elf slumped FFr 44.50 to FFr 337, while Générale Occidentale lost FFr 83 to FFr 1,132 on news that CGE has become its biggest shareholder.

Stockholm edged to a record close in a wave of local and foreign buying. The Veckans Allshare index closed up 1.1 at 1,066.3. Turnover was a heavy SKr 945m against Monday's SKr 104m.

Among leading gains, Volvo finished SKr 5 higher at a high for the year of SKr 367. Aga also found a 1987 peak, rising SKr 5 to SKr 221.

Losers, however, included Asea, SKr 7 off at SKr 381, and Electrolux, down SKr 2 at SKr 296.

Milan was mixed in this trade as investors awaited the outcome of talks aimed at establishing a new ruling coalition.

Insurers, Generali fell, 1,300 to 1,327,300 in a broadly weaker financial sector. Among small gains, Fiat edged 130 higher to 1,121.85. Cofide recovered 1,700 of Monday's 1,800 fall to close at 1,19,200.

Oso inched higher in this trade as investors stayed shy of the market. Oils, however, lapsed back some of Monday's losses, with Saga Petroleum adding Nkr 3 to Nkr 119.50 and Norsk Hydro Nkr 1.50 to Nkr 337.5.

SOUTH AFRICA

RALLYING from an early slide, Johannesburg gold and platinum share prices ended slightly firmer on the back of stronger bullion and platinum prices.

Platinum featured most strongly. Rustenburg added R2.50 to R59 and Impela R1.25 to R54. Industrial holding group Messina gained R2.25 to R17. It said recently it planned to exploit its platinum in-

vestments. Mining houses firmed generally, with Veal Reef R2 up among golds, to R472 and Freegold R1.50 higher at R59.75. Randfontein was one of few fallers in the sector, losing R3 in R442.

Anglo American edged 50 cents up to R85.75 and Gencor 25 cents to R80. Industrials were steady to mixed.

ASIA

Yen's decline underpins fifth successive rise

TOKYO

MOUNTING expectations of further gains in the days ahead spurred further buying interest in Tokyo yesterday, and equities ended higher for the fifth day in a row, writes *Shigeo Nishitake* of *Nippon Press*.

The Nikkei average climbed 280.84 to 24,383.82, recovering half the ground lost since June 15, when it peaked at 24,525. Volume swelled from 394m shares on Monday to 751m. Advances dwarfed declines by 627 to 255, with 114 issues unchanged.

The view that prices will go on rising was fed by the establishment of large funds by investment trusts this week and by the yen's slide against the US dollar, brokers said.

Buying focused on Sony and other high-technology stocks, chemicals, smaller-capital issues and biotechnology-related issues.

By the end of the week, investment trust management companies should have injected a total of ¥1,100bn into investment trusts, of which ¥430bn will go to the equity market.

With trading for August settlements starting today, institutional investors started buying in the morning, prompting purchases of a range of stocks in late trading. The weakening yen led investors to seek high-tech issues as it improves the export earnings of consumer electronics and other export-dependent firms.

Sony added ¥100 to ¥4,570, while Matsushita Electric Industrial rose ¥90 to ¥2,400, with turnover of 18.28m shares. Ricoh firmed ¥90 to ¥1,100, Hitachi ¥90 to ¥1,110 and TDK ¥70 to ¥3,070.

Chemicals and smaller-capital stocks were favoured on prospects of brisk demand. Tokuyama Soda strengthened ¥1 to ¥94, Ube Industries ¥20 to ¥208 and Kuraray Chemical Industry ¥50 to ¥1,800.

Mitsubishi Steel was the most active stock, with 68.7m shares changing hands, gaining ¥9 to hit an all-time high of ¥480. Other steels also climbed to uncharted territory, with Tokyo Steel Mfg advancing ¥40 to ¥1,890, Yamato Kogyo ¥80 to ¥1,270 and Nippon Metal Industry ¥20 to ¥470.

Sumitomo Light Metal Industries, with 29.04m shares, rose ¥46 to ¥289 and Nippon Light Metal ¥37 to ¥407.

biotechnology-related stocks were popular due to expected healthy gains in pre-tax profits for the year to March 1988, with Chugai Pharmaceutical sprinting ahead ¥80 to ¥1,990, Yamanouchi Pharmaceutical ¥80 to ¥4,810 and Snow Brand Milk Products ¥40 to ¥1,730.

Large-capitals closed mixed. Nippon Steel added ¥1 to 330 on the second largest volume of 45.81m shares while Ishikawajima-Harima Heavy Industries shed ¥8 to ¥367.

Bonds continued to slide despite strong buying by one of the major

securities companies. Institutions stayed out of the market, discouraged by the dollar's upturn above ¥151. The fact that the Ministry of Finance remains reluctant to raise the coupon rate on 10-year government bonds for issue in August, despite rising rates on the secondary market, also contributed to institutions' lack of interest.

Thus the yield on the 3.1 per cent government bond due in June 1990 increased from Monday's 4.740 per cent finish to 4.860 per cent in block trading on the Tokyo Stock Exchange. It later surged to 4.890 per cent in inter-dealer trading.

SINGAPORE

NEWS of UIC's plan to make a full bid for First Capital helped to lift Singapore sharply higher across the board after a nervous week. The Straits Times Industrial index climbed 38.92 to 1,377.20.

Share turnover was up by 7m at 48.5m although foreign institutions remained hesitant about the market's direction.

First Capital saw 3.4m shares traded and rose 20 cents to S\$2.00, while UIC gained 17 cents to S\$2.91 on 1.5m shares.

Strong blue chip advanced included Fraser and Neave, up 60 cents at S\$12. Wattle Industries of New Zealand said it would form a joint venture company with Fraser and Neave to manage Cold Storage if its bid for the supermarket group is successful.

AUSTRALIA

LOWER commodity prices undermined Sydney share prices and the All Ordinaries index fell 17 to 1,981 under profit-taking pressure. The gold index shed 46.5 to 3,379.3.

Among the industrials, Elders IXL was off 12 cents at A\$5.12 on some 5m shares traded in the wake of its restructuring plans. BHP was steady at A\$10.45, while Bell Resources added 6 cents to A\$5.35.

Mines were generally lower in an absence of foreign interest, while oil issue Santos dropped a further 20 cents to A\$7.20.

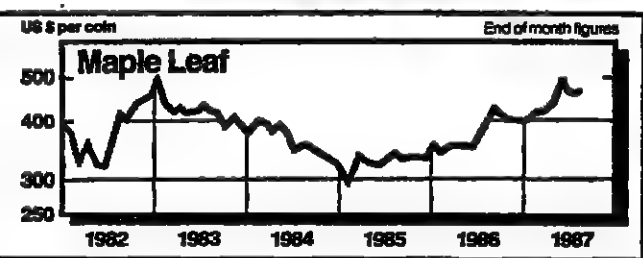
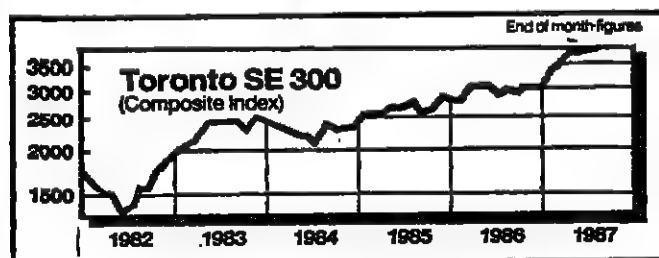
HONG KONG

AFTER an early spurt, Hong Kong share prices fell back in lacklustre trading and the Hang Seng index closed 9.41 lower at 3,337.46.

Cheung Kong attracted demand during the initial buying spree, recovering the 10 cents it lost on Monday to end at HK\$12.40 following its share placement. Affiliate Green Island Cement, which also placed shares, was steady at HK\$16.10.

Cathay Pacific, which plans to obtain two Boeing aircraft through a leveraged leasing, eased 10 cents to HK\$38.55.

KEY MARKET MONITORS



STOCK MARKET INDICES

	July 28	Prev	Year ago
NEW YORK			
DJ Industrials	2,503.03	2,493.94	1,773.90
DJ Transport	1,057.69	1,056.38	713.63
DJ Utilities	189.86	201.04	203.01
S&P Comp	310.56	310.65	236.01

LONDON FT

	July 28	Prev	Year ago
Ord	1,855.0	1,834.20	1,271.6
SE 100	2,359.9	2,333.90	1,549.40
A All share	1,198.36	1,186.50	769.09
A 500	1,321.41	1,307.45	842.13
Gold mine	440.0	438.80	209.0
A Long gilt	9.44	9.49	9.57
World Act. Ind	129.50	129.26	93.45

TOKYO

	July 28	Prev	Year ago
Nikkei	24,383.82	24,103.98	19,038
Tokyo SE	2,028.29	2,007.33	1,456.40

AUSTRALIA

	July 28	Prev	Year ago
All Ord	1,981.1	1,996.1	1,064.7
Motels & Mng	1,260.5	1,277.3	402.1

AUSTRIA

	July 28	Prev	Year ago
Credit Aktien	221.30	218.11	230.25

BELGIUM SE

	July 28	Prev	Year ago
SE	5,346.30	5,247.60	3,651.46

CANADA

	July 28	Prev	Year ago
Toronto	3,222.0	3,256.1	1,854.0
Copper (cash)	1,110.75	1,105.50	1,063.00
Coffee (Sept)	1,232.00	1,235.00	2,940.9
Wheat	1,981.61	1,983.74	1,464.17

DENMARK SE

	July 28	Prev	Year ago
SE	204.41	202.20	

FRANCE

	July 28	Prev	Year ago
CAC Gen	413.80	415.30	381.5
Ind Tendence	106.70	106.40	86.65

WEST GERMANY

	July 28	Prev	Year ago
FAZ Aktien	642.51	636.88	613.31
Commerzbank	1,931.00	1,943.3	

HONG KONG

	July 28	Prev	Year ago
Hang Seng	3,337.46	3,346.87	1,947.29

ITALY

	July 28	Prev	Year ago
Banca Com	683.71	684.41	731.63

NETHERLANDS

	July 28	Prev	Year ago
ANP CBS	315.80	314.90	284.3
Gen	269.30	268.60	285.6

NORWAY

	558.0	648.4	518.
COMMODITIES (London)			
	July 28	Pre	
Silver (spot trading)	483.75p	479.80p	

FINANCIAL TIMES SURVEY



The Yorkshire and Humberside economy is recovering as new technology and restructuring take

effect. Financial and professional services are burgeoning. But reports **Ian Hamilton Fazey**, more regional clout may be needed to beat unemployment.

Beginnings of real growth

THE STORY OF Yorkshire and Humberside in the 1980s is a microcosm of much of what has happened in the UK. It is summed up by Mr Christopher Barker of Broomheads, the largest firm of commercial solicitors in Sheffield.

He says: "Within the last two or three years people have come through. Everyone now is doing well. Companies are performing better. Instead of doing insolvencies we are doing flotations and deals. But my average client now has only half the workforce compared with seven or eight years ago."

The economic region that is Yorkshire and Humberside is a state within the State. Old Yorkshire was always England's largest county by area. It was a Viking kingdom in its own right and with nearly 5m people today it ranks with Scotland in terms of population.

The traumas of the first half of the 1980s have been intense. Recession ravaged the steel and metal bashing businesses of South Yorkshire and cut a swathe of unemployment through the textile towns of West Yorkshire.

In 1984-85 came the miners' strike, which started and centred on the Yorkshire coalfields that are the power base of Mr Arthur Scargill, the president of the National Union of Mineworkers.

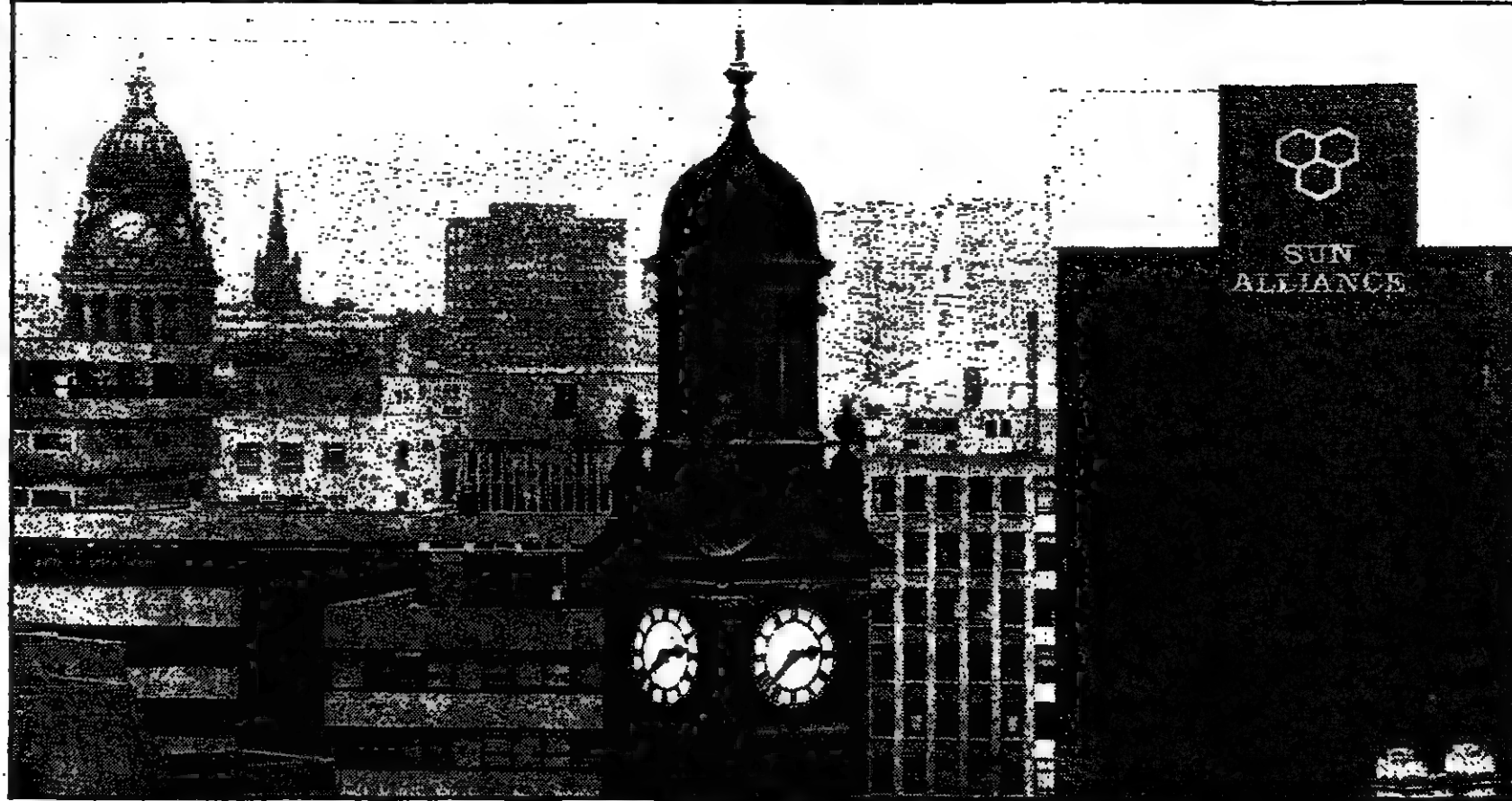
Here, the fight was at its most bitter and the divisions deepest.

But even as the strike went on there were stirrings in other parts of the regional economy. These have turned out to be the beginnings of real growth. What is happening in Yorkshire and Humberside today can only be regarded as the start of a boom.

According to Mr Stephen Downs of Leeds Chamber of Commerce: "There has been a marked increase in confidence and turnover. Orders have picked up dramatically in the last six months. There has been a big increase in planning proposals and applications. For the first time in years it looks sustainable."

There are other signs, such as the performance of the Yorkshire General Unit Trust, which started last year. This is an indicator because three-quarters of its £8m is invested in Yorkshire quoted companies. The trust appreciated by 41 per cent in its first year, substantially outdoing the FT All Share Index's 19 per cent gain in the same period.

The Y.T. Index, which was started by York Trust, the Leeds-based financial services group, in March 1985, tells a similar tale. It is based on the share price performance of all



A forest of modern buildings clusters round the old in Leeds to house a burgeoning financial and professional services sector

Yorkshire and Humberside

of Yorkshire and Humberside's quoted companies. By the beginning of June this year the Y.T. index had passed the 220 mark.

While a national bull market means a rising tide that will lift all boats that are in the water, those in Yorkshire and Humberside are rising faster than elsewhere.

Indeed, the growing strength of the regional market is underscored by a remarkable explosion in financial and professional services in and around Leeds.

If Manchester wants to remain the North's most important financial centre, it will have to look to its laurels. Leeds is pressing it—and is clearly providing Yorkshire and Humberside with a self-sufficient financial capital city.

There is now no need for almost any Yorkshire company to go to London for financial services. Some specialised merchant banking services may have a question mark over them in Leeds, but that will probably not remain for long.

What is happening in Yorkshire and Humberside, however, poses a crunching

question for the Government: when will economic growth have a decisive and lasting impact on unemployment? Of course, this is a national issue, but Yorkshire's microcosmic position provides representative pointers.

Last year, in a detailed FT regional report on Grimsby, it emerged that there was no direct connection there between economic growth and a fall in numbers of jobless.

There in South Humberside the economic structure had been rocked by changes in the steelmaking and fishing industries. Food processing was emerging to take their places as dominant industries in the economic spectrum—but with high technology plant and methods that often required even fewer people.

This wider survey of Yorkshire and Humberside shows a similar situation elsewhere in the region—increasingly better performance and growth, but with many fewer employed and no plans to expand workforces.

In textiles, for example,

Yorkshire companies have upped their investment in new technology to beat foreign competitors all over the world in high added-value markets. Bradford's Illingworth Morris, for example, made £6.1m profit on £96m turnover last year, compared with £21,000 on £77m in 1983.

A similar picture emerges in the steel industry. The ravaged acres of Sheffield's Lower Don Valley speak volumes for what has happened. But high technological methods, such as continuous casting, are working wonders for the survivors.

BSC Stainless is spearheading a remarkable recovery in steel-making itself. When it comes to using steel for manufacture, the Sheffield-based Aurora Group—which makes a wide range of engineering products—proves the point too. It made £11m on £112m of sales last year. In 1983 it was only £3m on £91m.

The shake-out in the coal industry was forced by confrontation, not recession, but the story is the same. The future lies with the super-pits, where new

technology will push up the industry's productivity at the expense of more lost jobs as older mines close.

Unemployment in Yorkshire and Humberside is now below the national average at 12.3 per cent. This represents 289,786 people—one in eight of the region's 2.3m workers. This may not seem bad compared with some parts of the UK, but the average hides a worrying pattern.

In the old spa town of Harrogate the rate is 6.9 per cent. In the North Yorkshire county town of Northallerton it is only 6.1 per cent. But in Rotherham and Mexborough, caught in the pincers of change in both coal and steel, it is 20.3 per cent.

In Doncaster, where there have been railway workshop closures too, the rate is 19.5 per cent. Huddersfield, an engineering centre, and Whitby, a fishing town, are both at 17.3 per cent. Sheffield (15.3), Scunthorpe (14.7), Grimsby (14.4), and Bradford (13.3) all underline the region's problems.

Meanwhile, Leeds and York

appear to have turned the corner. Their rates are 10.7 and 10.4 per cent respectively, while at Halifax the figure is around average.

Halifax is in Calderdale, the borough chosen by Business in the Community (BiC) for Britain's first "one-town partnership," where all elements of the public and private sectors pull together to achieve regeneration. The experiment has plugged Calderdale into BiC's national network for contacts and has already won it Eureka!, a national children's museum which will eventually help sustain hundreds of jobs.

Do Yorkshire and Humberside need more of this sort of pro-active approach, or can wider recovery be left to market forces?

Many in the business community are as doubtful as the region's political leaders that recovery can succeed universally under its own steam. There are grave worries about social blackspots, such as Chapeltown in central Leeds where there were disturbances involving ethnic minorities last month.

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Dr John Bridge of the Yorkshire and Humberside Development Association (YHDA) says: "The regional economy presents a delicately poised problem. There is strong recovery with blackspots. It is sometimes difficult to get people to think in a regional context. We need to create a regional conscience. To do nothing is not an option."

Mr Reg French, president of the regional TUC, says that the TUC and CBI have repaired bridges burned during the miners' strike and are trying to find common ground and work up joint initiatives. He is particularly pleased about a new accord on improving communications in the workplace.

Mr Brian Bigley, the CBI regional director, says: "Employment levels will not change much among our members, but we are now more optimistic that overall unemployment will decline."

Against this background, Yorkshire Enterprise emerges today, a born-again version of the West Yorkshire Enterprise Board, but now empowered to act throughout the region.

Many acknowledge that what is needed is a regionally chauvinistic body to pull things together. Is this it, or should there be something new, a combination of public and private sector bodies similar to the Northern Development Company in the North-east and Cumbria?

The building blocks are there, and few people locally will have failed to notice that Yorkshire Enterprise and the YHDA have a common chairman in Mr John Gurnell, a political heavyweight.

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...thanks!

By our teamwork, creating more jobs for Yorkshire & Humberside

Yorkshire & Humberside Development Association,
Westgate House, 100 Wellington Street, Leeds LS1 4LT. Tel: (0532) 439222 Telex: 55253 YHDA G Fax: (0532) 431088



YORKSHIRE AND HUMBERSIDE 2

Pragmatism beats parochialism in the towns and city states

Tradition survives in smaller units

NOBODY IS shouting about it, but there is a sense of satisfaction in Yorkshire that the cities and big towns are at last being allowed to sort their own destiny. The latest round of local government reorganisation, abolishing the metropolitan counties, left Leeds, Bradford and Sheffield masters of city states with larger boundaries than in the old Riding days and no big brother watching over them.

Yorkshire's special parochialism could never quite accept that Leeds and Bradford, let alone Bradford and Halifax, had much in common. The present arrangement is hardly perfect, since Keighley and Ilkley must still reconcile themselves to being part of Bradford, while Huddersfield dominates a Kirkstall district containing the once-proud towns of Dewsbury and Batley. Today's pragmatic approach encourages tradition and identity within the smaller units, a marketable commodity for industrial development and tourism.

In particular, Yorkshire's unchallenged business and financial centre, a city which has coped with recession thanks to its wide commercial and industrial base, is beginning to emerge as a central focus. Bradford's major efforts in selling itself, both to its citizens and the world outside, are starting to show results. Sheffield, hit by the swift decline in special steels, has now had time to draw breath and think afresh.

Unlike Manchester or Birmingham, Leeds does not have difficulty finding sites for its big local companies to relocate.

Three current projects, each representing an investment of some £15m, are Asda's headquarters building opening up the southern approaches to the city centre, Elide Gibbs' purpose-built toiletries factory on an 18-acre site, and Leeds Permanent Building Society's computer centre. New investment in Leeds totals about £500m.

An indication of confidence is interest in the proposed Killingbeck Science Park, which has been available for suitable development since the early 1980s but is only now attracting serious bids. North Yorkshire Securities are planning to build self-contained units of up to 5,000 sq ft for high-tech companies looking to buy their own, individually-designed offices.

The city centre office-letting scene is beginning to excite developers but worry planners because of the shortage of quality accommodation. Oversupply, dating back to 1981, has been gradually whittled away.

Leeds admits to inner-city areas, and to wide disparities of opportunity. The constituency of Leeds Central counts unemployment at about 15 per cent, and Leeds East is little better. In Chapeltown, the rate rises to about 30 per cent. However, Leeds North West, Pudsey and part of Roundhay are strikingly buoyant, with unemployment as low as 5 per cent or 6 per cent. Taken as a whole, the Leeds travel-to-work area, roughly following the city boundaries, had an unemployment rate of 10.6 per cent in June 1987, comfortably below the regional average.

Travel-to-work area demarcations are a contentious issue in Yorkshire. Bradford qualifies as an assisted area authority partly because its TIWA includes some of the heavy woolen district of Kirkstall. Huddersfield has a TIWA of its own which doesn't qualify, nor does Keighley TIWA which is administratively part of Bradford. A further irony is that Keighley town centre—as opposed to the suburban or rural hinterland—has high pockets of unemployment.

A recent bid made by Wakefield MBC for assisted-area status in Castleford and Pontefract was rejected, though its unemployment figure of 15.1 per cent is higher than Bradford's (13.1 per cent).

In itself, intermediate status is no big deal. But it can unlock the door to the European Regional Development Fund and other Brussels monies. Nearby authorities view anxiously Bradford's success with Europe, not just in showcase projects like the Alhambra Theatre but in forging an ongoing link.

A year ago Bradford published a report, commissioned from Graham Moss Associates, on the suitability of across-the-board help from Europe to help Bradford regenerate itself. The report proposed spending £110.3m over five years on industrial modernisation, employment development, infrastructure, transport, and tourism, with EEC grants providing 48 per cent of funds. Bradford's 35 per cent contribution drew heavily on Urban Programme grants. Private sector involvement was pitched at only 4 per cent.

The bid stands, and Bradford's case has if anything been strengthened by the fresh emphasis on inner cities. Meanwhile, the city's morale-boosting campaign, Bradford's Bouncing Back, has caught the imagination of ratepayers, helped by "good news" reports in the Telegraph & Argus (who also print Northern editions of The Independent). The prime stimulant has been Bradford's undeniable success in selling a tourist package. If others pay good money to come—which they do—things must be getting better.

Bradford's chairman of employment and environmental services, Mr Mohammed Riaz, symbolises a new era of cross-cultural cooperation and ventures.

Little Germany, the area of fine warehouses near the cathedral, built by textile magnates at the height of the worst era, is being resolutely reclaimed and reinvigorated. Forster Square Station, a sleepy terminus for the Skipton-Morecambe line, is to be redeveloped as a £25m shopping centre by Penang, a Burton subsidiary, putting Bradford back into contention with Leeds—or so it is claimed. One of the city's main complaints has been British Rail's treatment of Bradford, a subsidiary to Leeds. The city is pressing for electrification along with the main East Coast route, and restoration of through services to London.

Sheffield has no such problems. The Master Cutler Pullman runs to St Pancras in 2½ hours. The challenge is more keeping London at bay than encouraging it to visit. Sheffield still tends to see the massive rundown of industry in recent years as a private grief which it alone can allay. It is, of course, seeking all the funding it can get to attack industrial rebirth bar

what is seen as undemocratic imposition of an urban development corporation by Whitehall. To this end it has commissioned a study on the Lower Don Valley following the departure of Mr David Blunkett to Westminster. The Sheffield City Council, led by Mr Clive Betts, is engaging in a significant three-corner discussion about the way forward. One group of councillors argues that realism is the best way to face Thatcherism phase three; a second counsels the need to stick to socialist principles; a third suggests that the Council should begin to make the running by being more pro-active.

Sheffield is now the only Yorkshire council worried by ideological debate. Rotherham has always been quite willing to take anything on offer, including an enterprise zone, to counter heavy unemployment rates. East into the South Yorkshire coalfield, where pits have closed rapidly since the 1984-85 miners' strike, a principal concern is to reinforce the strong community of mining villages by helping local ventures.

Barnsley is among the authorities seeking a broad spread of new industry as well as a different image. Barnsley points to its excellent communications, in good relationship with existing major employers like S.R. Gent, Beaton Clark and Redfear National Glass, and its imaginative attitude to new industry. Apart from the Barnsley Business and Innovation Centre, described elsewhere in this survey, the Council recently set up Barnsley Enterprise, together with the West Yorkshire Enterprise Board and the Yorkshire Bank, to offer venture capital.

There are parallels between Barnsley, the former administrative centre of South Yorkshire, and Wakefield,

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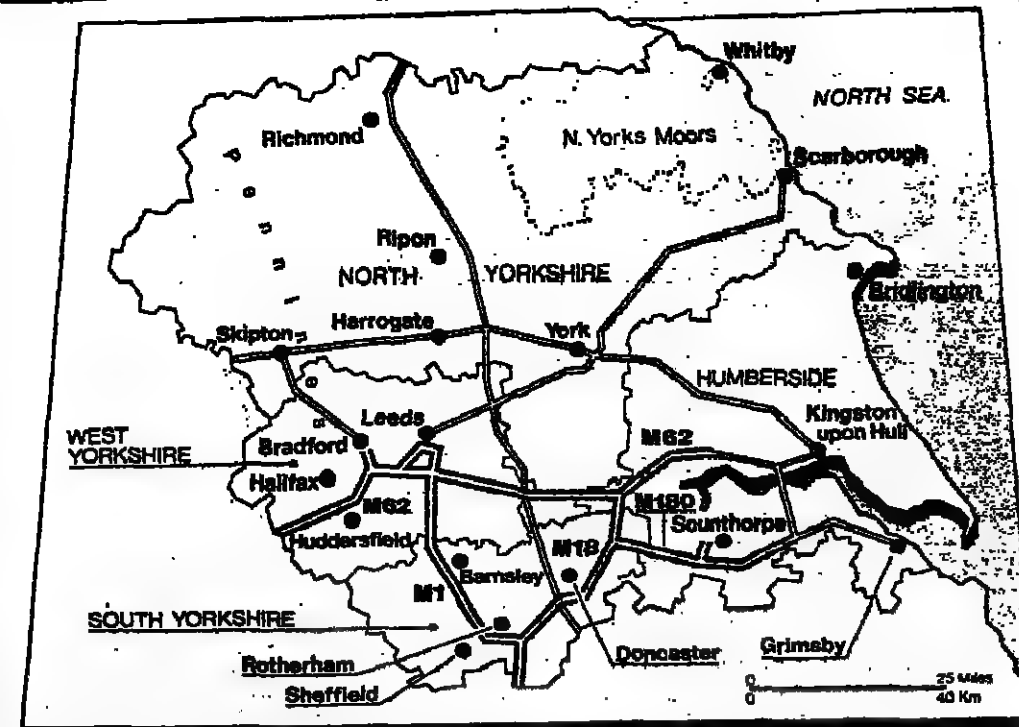
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clean-up of the Leeds-Manchester corridor, which Kirkstall council believes especially important for Bailey and Dewsbury. There, environmental improvement complements industrial regeneration. Heavy job losses at Case Tractor, Meltham, near Huddersfield, have been more or less absorbed by joint initiatives with the DTL in the assisted area at Oakwell, beside the M62-M621 junction. Kirkstall developed a 25-acre site in under a year in response to major inquiries which brought along Thomas's Petcraft and

Spring Ram plus hundreds of jobs. Regular M62 users, who often face heavily-competitive traffic in dismal weather conditions, may have difficulty in seeing it as the "club" founded by Mr Justin Kornberg, chairman of Lister. In Yorkshire, certainly, the motorway has improved communications dramatically. Those who want to move about quickly. Those who don't stay put in their own clearly defined, closely guarded patch, Yorkshire survives.

Robert Waterhouse



BEHIND THIS TRADITIONAL EXTERIOR LIES A NEW CENTRE FOR BUSINESS IN YORKSHIRE

Appearances can be deceptive. You may not have thought that this building would house the very latest in advanced technology and new innovations.

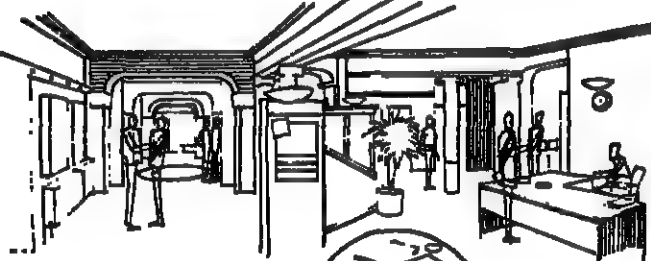
Yet that's exactly what is inside YEB's Invest Electric Centre.

As well as being an important source of information and advice, the Centre provides the latest facilities for conferences and research. It contains

invaluable publications, videos and interactive display material.

Above all, it shows positive examples of how electricity is helping to promote success in business.

It provides vital support for the help our sales engineers give to our customers and it demonstrates how Yorkshire Electricity is working hard to ensure the region's future is brighter than ever.



GENERATING SUCCESS IN BUSINESS

A1257

The YHDA

Netting the right targets

THE most recent success for the Yorkshire and Humberside Development Association (YHDA) came last week when Citizen Watch announced a new £5m factory for Scunthorpe, South Humberside. It will make computer printers and create 280 jobs.

Scunthorpe was the Japanese company's over despite strong competition from East Kilbride and other regions. It started well down the list of contenders but after nine meetings had scored enough plus points to win.

Citizen need a manufacturing base in the UK for easier long-term access to European markets. The market for printers is growing quickly and a factory capable of making 30,000 a month was needed. The YHDA's market research put it on the trail and an approach was made through the association's agent in Tokyo last October.

The plus points include green field site, extensive grants as a result of Scunthorpe's unemployment rate and its position in a steel closure area, as well as excellent road connections into the UK motorway network and fast access to Europe via Humberside's nearby ports.

But another factor also weighed heavily—the wide industrial manufacturing base that Yorkshire and Humberside can offer. This meant that Citizen could rely on the region to provide any components it might require.

The arrival of Citizen, however, also says much about the YHDA and the way it has been evolving under Mr John Gunnell, its chairman, and Dr John Bridge, its director, who

took over two years ago.

The association's role is to get inward investment, mainly from overseas, into Yorkshire and Humberside. How it does so comes down to marketing management. Previously, the YHDA was more a promotional body than anything else, raising awareness of the region abroad, but it was not as thrusting as many would have liked.

For example, it paid for industrial development officers from individual subscribing local authorities to make short foreign trips, but funding restricted follow-up in depth. Some local councils questioned the value for money of this approach and there was considerable pressure for a change.

Mr Gunnell, a political heavyweight and former leader of West Yorkshire County Council, took a high profile in the YHDA after the abolition of the metropolitan counties last year. Dr Bridge—the Ph.D. is in economics—has had full support in pursuing a "targeted marketing" approach.

Primary targets are the US, Japan and Western Europe. With every other inward investment body after the same small pool of footloose industry, YHDA has segmented these markets carefully in choosing its targets.

The biggest effort is in the US, where the YHDA has a full-time deputy director based in California, south of San Francisco in Silicon Valley. There is also an office in Houston. Dr Bridge is spending the summer in the US evaluating progress after the first two years to decide how things should develop.

The factors which attracted Citizen Watch are powerful, especially when the region's network of universities, colleges and research institutions is added to them.

However, the network of component suppliers for nearly every manufacturing process that might want to relocate is not as thriving as it should be. It helps the rationale for private sector support for the YHDA.

The rationale is that since inward investment brings local orders for supplies, as the Citizen Watch example proves, it must be in the self-interest of industry and commerce to support its pursuit.

Bodies such as the YHDA were always in the past predominantly public sector ones and almost completely funded as such. But the Government now insists that the private sector pays a share of the cost of economic regeneration, since it benefits from it.

The main sources of funds remain the Government and local authorities—some of them warmer than others—but 30 per cent of the YHDA's income now comes from the private sector.

It now has nine corporate sponsors paying £50,000 a year each in cash or kind, which includes a full-time seconded from Victoria. More important, everyone has renewed. In addition, there are 400 associate members paying an annual subscription of £50 each. This represents a growing base of consensus, if not unity, which must help in getting the sales message across.

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YORKSHIRE AND HUMBERSIDE 3

Venture Capital

Many players in a growing game

NEW AND expanding businesses have never been better placed to raise risk capital in Yorkshire and Humberside. From a relative dearth of provision only three years ago there is now an array of competing or complementary sources.

Yorkshire Enterprise—as the West Yorkshire Enterprise Board has renamed itself from today—was set up by the now abolished eponymous county council to fill the gap. It now finds itself just one player, albeit an important one, in a fast-developing game.

The vigour with which the private sector is now in the game reflects both the success of Yorkshire Enterprise's pioneering approach and current market forces. There is strong recovery in the regional economy and industry needs development capital to exploit it.

In Yorkshire and Humberside, investors in industry (3), the corporate capital provider owned by the clearing banks and the Bank of England, has long had a strong presence. It operates from both Sheffield and Leeds and offers the usual mix of financial packages. It has also been prominent in many syndicated deals.

Mr David Wilkinson, director of the Leeds office, puts 3's share of the local venture capital market at about 50 per cent. 3's statistics show how the market is growing. In the year to the end of March it invested more than £15m in Yorkshire and North Humberside, a 50 per cent increase on the previous year that outdid 3's national performance.

The Leeds and Sheffield offices between them financed 15 business start-ups, 14 management buyouts, and 23 development capital deals. In May it started a £40m management buyout fund for the region and expects to do very well with it.

Meanwhile, County NatWest has been doing well too, putting together some large syndicates, one of the most significant being the £1.5m management buyout of Holliday Dyes and Chemicals.

It took a big risk here, buying 71 per cent of the equity itself and then selling it down to other investors, something most observers would have thought inconceivable in an English region only a year ago.

Ian Hamilton Fazey

Breadth of the region's industrial mix explains the strength of its recovery

Textiles and engineering lead fight back

THERE ARE telling signs that many fortunes may be well on their way to being made in Yorkshire and Humberside as the regional economy spurts into faster growth.

The first is the performance of the Yorkshire General Trust, which is managed by Mr Christopher Broadbent of Batty, Wimpenny & Dawson, the Huddersfield stockbrokers. This authorised unit trust has an unusual feature—75 per cent of its funds are in Yorkshire companies.

The fund started in January 1986. In the first 11 months the offer price per unit rose 41.3 per cent. During the same period the All-Share Index showed a gain of 18.5 per cent, the FTSE 100 put on 15.2 per cent and the FT30 gained 13.5 per cent.

Another sign is the "YT Index." This was started by York Trust, the Leeds-based financial services group, in March 1986, when the index was, of course, 100. By the beginning of June this year it stood at 221.5.

The YT Index uses for its database the share price performance of the businesses

covered by The Annual Review of Yorkshire Companies. The review, which is sponsored by Batty, Wimpenny & Dawson, is the work of Professor Brian Murphy, head of the Accountancy and Finance Research Unit at Huddersfield Polytechnic.

It contains comprehensive details of every listed company in the region—and there are 140 of them at present. It is especially interesting for the light it sheds on the diverse nature of Yorkshire and Humberside's economy, and the way things are moving.

For the review's purposes, "Yorkshire" means old Yorkshire—the three ridings of York and county cricket. This means that most of Humberside is included, as are parts of Lancashire which have Yorkshire postal addresses, so one finds Silenight Holdings listed, for example.

However, its main thrust is the burgeoning performance of Yorkshire's mainstream industries. Analysis shows the dominant sectors. Textiles is joint leader with 22 quoted companies. Mechanical engineering

has the same number but is, of course, related to metals and metal forming, which accounts for another seven.

Building, motors and food processing have eight companies each, with contracting and construction adding another seven. Chemicals and property account for six listed companies each, while electronics and packaging and paper each have just one less.

The companies cover 20 different industrial and commercial sectors, plus a "miscellaneous" classification containing several high technology companies which cannot be easily pigeon-holed. What this indicates is the breadth of the Yorkshire industrial economy—and this goes a long way towards explaining the strength of the region's present recovery.

Quoted companies, of course, are the tip of the business iceberg. Most businesses are privately-owned, as evidenced by the fact that Leeds Chamber of Commerce has 2,000 members—and in the region as a whole, chamber membership runs to about 8,000. The CBI, which tends to represent manu-

facturing industry, has about 700 members.

The base is broadest in the old West Riding, narrowest in the South Yorkshire coalfields, where coal, steel and heavy engineering dominated in the past.

Leeds weathered the recession better than Sheffield because it had a much broader and diverse industrial base, says Mr John Rice, director of Leeds Chamber of Commerce.

By the same token its economy is growing faster now. The contrast between West and South Yorkshire is marked. As Mr Christopher Barker of Broomheads, the Sheffield-based solicitors puts it: "The southern part of the region has always been tremendously industrial, mainly concerned with metal trades and with big employers. The Leeds area has always had a much more diverse mix of medium-sized and smaller companies."

South Yorkshire is catching up with numbers of small companies now as major efforts are made through a comprehensive network of enterprise agencies and various special funding mechanisms to rebuild local economies, but the process will take many years.

In North Yorkshire, where coal, agriculture and tourism are critical, determined efforts are going into adding a high technology sector. On Humberside, food and food processing are emerging as major sectors for growth as managers and workers have developed skills related to them.

What is interesting, however, is that much of what is going on in Yorkshire and Humberside is about renewal and modernisation, rather than replacement. "We don't subscribe to the view that there are 'sunset indus-

tries.' We have old industries which have embraced new technology," says Mr Rice.

There has been a shake-out and rationalisation of businesses that wanted to live in the past but he says that those which have survived and changed are now beginning to do very well. "The clothing industry survivors can now live with anybody in the world on a pound-for-pound basis," he adds.

Mr Brian Bigley, regional director of the CBI, underscores this: "Wool textile exports have risen to more than £500m a year. They have left behind the mass markets and gone for high added value materials, designs and products. Japan and the US have been the main buyers," he says.

Mr Alan Bottomley of A. V. Hammond & Co, the Bradford-based solicitors, expects the numbers of quoted Yorkshire companies to grow substantially as recovery continues and more move towards flotation. Takeovers of unquoted, growing businesses by quoted companies are also likely.

One interesting point also emerges from a study of Professor Murphy's review. There are 29 companies in it which experienced a gain in their share prices of more than 100 per cent in the 12 months to the beginning of June.

Not only does this say a lot about the confidence of investors but also much about regional economic recovery. Of these companies, 12 had a market capitalisation of under £20m and another nine were between £20m and £50m.

The bigger, more obvious high fliers were also there—names like Polypipe (plastic plumbing manufacturer), Nu-Swift (fire extinguishers), Magnet & South-

erns (building products), Spring Ram (home improvements manufacturers) and Persimmon (housebuilders).

But many will see the improving performance of the smaller and medium-sized companies as the real test of better economic health in Yorkshire and Humberside. Proportionally, these are the companies likely to grow most and employ more people. The more there are, the deeper will be the recovery.

Ian Hamilton Fazey

Quoted companies

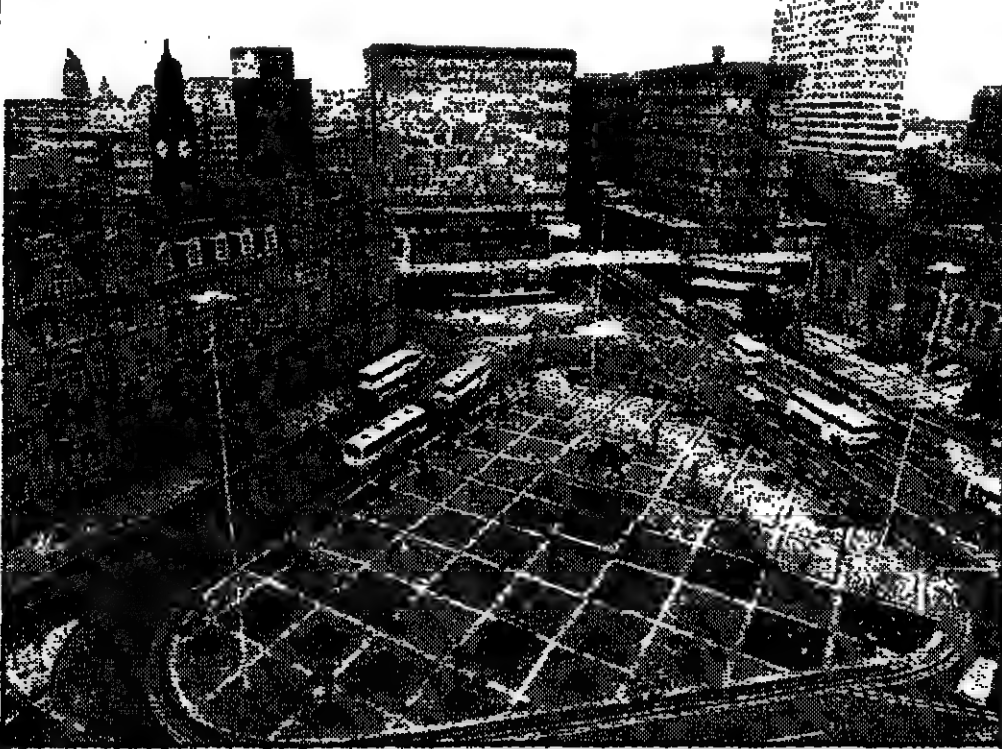
By sector

	No.
Building	8
Contracting and construction	7
Electricals	2
Electronics	5
Mechanical engineering	22
Metals and metal forming	7
Motors	8
Other industrial materials	2
Food manufacturing	8
Food retailing	4
Leisure	3
Packaging and paper	5
Publishing and printing	3
Stores	7
Textiles	22
Agencies	1
Chemicals	6
Conglomerates	1
Property	8
Financial	4
Miscellaneous	9
Total	140

Quoted companies

by market value

Value	No.
Over £1,000m	3
£499m-£500m	2
£499m-£500m	5
£299m-£500m	18
£99m-£50m	26
£49m-£20m	28
Under £20m	60



Leeds centre—the city has weathered the recession much better than other parts of Yorkshire because of its much broader and diverse industrial base

THE TOP 10

Company	Market value (£m)	12-month change in share price (per cent)
1 Asda-MFI	1,819	+ 17
2 Burton Group	1,729	+ 8
3 Rowntree Macdonald	1,113	+ 13
4 Magnet & Southern	560	+129
5 Northern Foods	624	+ 11
6 Hepworth Ceramic Holdings	385	+ 20
7 BBA Group	363	- 19
8 Allied Colloids	324	+ 38
9 Mount Charlotte Investments	322	+ 80
10 Farnell Electronics	306	+ 34

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YORKSHIRE AND HUMBERSIDE 4

Yorkshire Enterprise

Building bridges between the public and private sectors

THE WEST Yorkshire Enterprise Board, to be known now simply as Yorkshire Enterprise, was a distinguished survivor from the abolished West Yorkshire County Council.

So, too, is Mr John Gunnell, who was Leader of the council from 1981-86, which set up the Board, and who now heads both Yorkshire Enterprise and the Yorkshire & Humberside Development Association.

As a Labour leader from the pragmatic, moderate wing of the party, Mr Gunnell insisted from the start that the Board should operate on a commercial basis. It was launched in 1982 with a £1.3m grant from the council, later supplemented on three occasions to bring its capital base up to £10m. The base was secured further with a £10m loan negotiated with the Bank of Nova Scotia in 1984.

Its purpose was to help fill the long-standing gap in the areas of venture or development capital and management buyouts, thereby creating and saving jobs, by taking minority equity stakes and/or making loans. In this, it has had considerable success, not only in its own activities but also in spurring a greater interest on the part of the banks in filling that gap.

Mr Gunnell can only see it as "a good thing if we have to compete for some of the business." He adds: "We have created a climate in which there will be greater industrial growth in the region. People know increasingly that we are not the only source of help."

But he believes that "there will always be a role for an organisation which balances the private and public sectors. If the present Government succeeds in limiting the public sector, it will still be vital to the regions to have a body which can build the bridges between public and private sectors that are needed for successful investment and a progressive region."

The short history of the Board has confirmed its place as a bridge-builder. Viewed initially with suspicion by the Conservative opposition on the council, and local chambers of commerce, which thought ratepayers' money would be sunk into doubtful projects, its financial success—it made a profit of



Mr John Gunnell, chairman of both Yorkshire Enterprise and Yorkshire and Humberside Development Association

£2903,441 in 1986—and undoubted support in job creation, has helped to remove opposition to its concept.

It has gained the respect of government departments working in the region, particularly Employment, then the Department of Trade and Industry, and its personnel hope that this will be reflected in an improving relationship with Environment.

Mr Gunnell believes that the growing stature of the Board has been aided considerably by the fact that the managing director, Mr Alan Pickering, was recruited from the private sector. Furthermore, Mr Pickering has been with the Board since its inauguration, spanning the period when it was responsible to the county council to its present status as a limited company.

The bridges with local authorities had to be re-built following the abolition of the county council. Joint companies have been formed by the Board, using facilities extended by Yorkshire Bank with the district councils of Bradford, Calderdale, and marking the Board's expansion beyond its original territorial confines, with Barnsley, and the Conservative-controlled North Yorkshire county council.

These companies enable the local authorities to have access to capital which is not subject to Treasury spending controls. None has yet been formed in the

Humberside region, however. Co-operation between the different councils of the region has never been straightforward.

Increasingly, however, Yorkshire Enterprise, working with the local authorities, expects also to work with the other regional bodies, such as the YHDA, which is the promotional body for the region, and English Estates, the principal supplier of industrial property in the area.

The value of the "one-voice" approach was clear in the recent decision by Japan's Citizen Watch to pump for Scunthorpe, and a greenfield site, for its planned European computer printer manufacturing. The YHDA's agency in Japan approached the company when it learned of the plan to manufacture in Europe. It was in a position to bring to the attention of Citizen Watch the various grants on offer from central government if it invested in the region, and English Estates was on hand to offer first temporary accommodation and, second, a greenfield site where the plant will be purpose-built for the Japanese company's requirements.

It will now be for Yorkshire Enterprise to ensure that local companies are in a position to compete for contracts and components supplies, so helping to spread the benefits of the investment in Scunthorpe around the region.

"I would like to see a consortium of organisations which have a direct interest in investment in the region so that they work together," says Mr Gunnell. "It is not necessary in this area to formalise it, or fuse them into one body, as has been done in the north-east with the Northern Development Company, but we need to know what the other bodies in the region are doing and understand the respective roles."

This is the pragmatic voice of Mr Gunnell. Ultimately, he would like to see Yorkshire and Humberside, and other UK regions, having their own elected regional authorities. The various bodies working to promote economic development in the region would be responsible to that authority. "In the end, I think we shall come to that sort of arrangement," he says, his idealism perhaps taking over for the moment his normally more utilitarian approach to the practice of Socialism in a Conservative-governed country.

In the meantime, however, the emphasis must be on maintaining and improving on existing institutions. The main goal, after all, is to enable the considerable economic potential of the region to be released.

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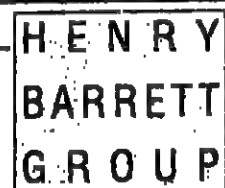
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YORKSHIRE AND HUMBERSIDE 5

Financial and Professional Services

A remarkable growth of strategic importance

IN THE five minutes it takes to walk from Leeds city railway station to the Corinthian colonnades of the town hall, it is impossible not to be struck by the strength of Yorkshire's financial and professional services.

The principal route is a gauntlet of banks, building societies and insurance companies.

Leeds chamber of commerce lists 25 banks of various types in its classified directory, six of them from overseas, but there are less obvious indicators of what has become an increasingly remarkable story of growth in the last few years.

Of the 10 largest firms of "corporate" solicitors outside London and Edinburgh, five are

in Yorkshire. The Leeds-based firms of Booth & Co, Eppworth & Chadwick and Simpson Curtis provide nearly 500 jobs between them. A. V. Hammond & Co employs 150 in Bradford and Leeds, while Broomheads has nearly 180 in its Sheffield-based network in South Yorkshire.

These are large, thriving, locally-founded practices. Nearly in the same league in terms of size is another Leeds firm, Dibb Lupton. Another, Slaughter & May, also has several important corporate clients, while the smaller Brooks North & Goodwin is developing a state-of-the-art computerised approach to its business.

All have experienced a surge of growth in the last three years as Yorkshire and Humberside's regional economy has turned up.

Another indicator is the way the accountancy profession has been developing. Of the latest league table of top-20 accountants published earlier this month in the FT, only two are not in Leeds. Peats and Price Waterhouse are biggest, followed by Ernst Whinney, and these account for around 700 jobs.

Smaller firms like Deloitte employ 100 and are growing fast—in Deloitte's case by more than a third in each of the last two years. Mr Robert Martin, who moved Deloitte from Bradford into Leeds two years ago, says this is because of expansion of the general market for professional services, not the result of clients changing auditors.

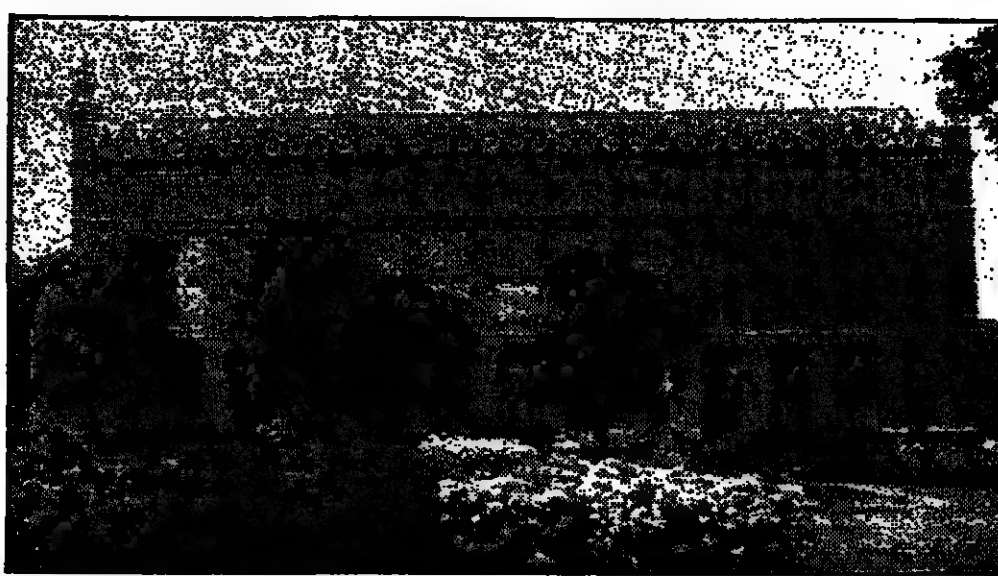
In some cases accountants are going for specific market segments. His own firm claims a growing share of personal services for successful Yorkshire entrepreneurs who have become rich as their companies have expanded to flotation or sale. Word of mouth has brought more in.

For some accountants Leeds functions as the national headquarters for specific functions. Hodgson Impay runs its national insolvency business from there. For Spicer & Pegler it is the firm's tax investigation unit which acts from Leeds for businesses all over Britain which are under investigation by the Inland Revenue or Customs and Excise.

So expertise is good enough for Yorkshire to handle national functions that might in the past have been housed in London without a second thought.

Mr Alan Bottomley of A. V. Hammond & Co, the Bradford-based solicitors, sees a greater strategic importance in this for the region than the presence of the sector in itself.

He says: "It is not just that there is more profitable work for all of us. The fact that good professional advice and expertise is available locally helps keep the head offices and the decision-making here. Thus, fine Yorkshire companies like Norton Opax, John Waddington,



St Paul's House, a converted mill warehouse, is the home of York Trust, in Park Square, a haven of greenery in the heart of Leeds

BBA Group, FKI and Spring Ram are good examples.

There are about 150 quoted or USM companies in the region and Mr Bottomley says that fewer of them each year list City of London firms as their solicitors. Many of those which still do, so do merely for prestige reasons, giving the bulk of their corporate work to top local firms.

"The London firms are so bombed out with work for very large national companies or international clients that even a £100m capitalised Yorkshire company is pretty small beer to them," Mr Bottomley says.

Yorkshire directors quickly catch on—200 miles is a long way to go to see a newly-qualified solicitor different from the one they saw last time," Mr Bottomley says.

A few years ago, certain legal work would have gone to London automatically, but this does not happen today. Eppworth & Chadwick acted for Norton Opax in the successful hostile bid for McCord-Johnson. A. V. Hammond acted in the unsuccessful hostile bid by Sunlight for Dale Electricals. It is setting now for FKI Electricals in its bid for Babcock International.

Almost every one of a company's professional advisers—accountants, solicitors, merchant bankers, and stockbrokers—can be drawn from local ranks.

Mr Bottomley says that with directors also based locally, this means that if, say, a London merchant bank is brought in to provide highly specialised services, then the days when people had to troop to London for meetings have now gone.

The odd man out has to do the travelling, so that in the Sunlight bid for Dale, for example, every meeting was held in Yorkshire. "We have just floated Henry Barrett on a full listing and all the drafting meetings were held in Bradford," Mr Bottomley says. The flotation of Walmac, the security printers, has been done on a similar schedule.

However, there is less evidence of self-sufficiency as yet in Sheffield and South Yorkshire, where the industrial base is narrower and there may be more smaller businesses not yet grown enough for flotation.

Mr Christopher Barker of Broomheads, the leading corporate solicitors in the area, says that South Yorkshire people still go to London for financial services. "We do a lot of business in London but then we also do a lot of business in Leeds," he says.

His own firm is expanding in the belief that it must match the accountancy profession for the quality and depth of service it can offer locally. He sees firms of solicitors growing by merger in the next few years.

"It is our belief that we should be very substantially larger than we are now so that we can broaden our services to our clients," he says.

He says firms such as Broomheads will do much more research, developing databases of useful information, and adopting a proactive approach to clients. Being bigger will provide an economy of scale and make it easier to carry the overheads involved.

If there is a difference of opinion among professionals about Yorkshire's self-sufficiency in financial and professional services, it concerns merchant banking.

Some people think there is a definite gap here, although Singer & Friedlander have offered a full service for many years and Mr Brian Buckley, the vice chairman in charge of the Leeds operation, says that its financial performance has improved in each successive year. Singers moved into new and bigger offices in Leeds last week.

"Full service" includes all aspects of takeover bids or defences. However, Mr John Richardson of County NatWest in Leeds thinks that there is a natural limit to what merchant bankers can do in the regions.

Not that this has encouraged other London merchant bankers to open up in Leeds, a factor that has itself encouraged York Trust to do exactly that. Leeds is its headquarters but, ironically, growth of its London office has already outstripped it for size.

Accountants and solicitors also question whether corporate stockbroking needs are served well enough. Rensburgs, the Liverpool-based firm, is well established in Leeds and most expect it to provide increasingly for the corporate market.

Stockbrokers in the area, however, are well-founded on substantial volumes of private business and most have been doing well out of privatisation issues. For example, Fowler Sutcliffe, the stockbroker, reports a five-fold increase in business since the big bang, and a scramble to train staff to cope with the new volume.

Nicholson Barber used the local buses to advertise some of its privatisation services and was rewarded with queues of people that wound down several flights of stairs from its front door on the top floor of a Sheffield city centre office block.

Such a thing is unlikely to happen at Battye, Wimpenny and Dawson (BWD) because its

offices are in the country several miles outside Huddersfield. "Since 90 per cent of our business is done by telephone, we took the view that physical location was actually irrelevant," says Mr Christopher Broadbent. The firm is packed with the latest computer and communications technology.

BWD sponsors Huddersfield Polytechnic's review of Yorkshire companies, an impressive, comprehensive guide to the financial performance of all quoted and USM companies in Yorkshire and Humberside.

This contributes to the depth of the firm's local knowledge, which it puts to good use in the Yorkshire General Trust, a unit trust it started in January 1986.

It is a symptom of Yorkshire's growing bullishness that the trust—which Mr Broadbent manages—has topped the UK general unit trust league since its launch, indicating that Yorkshire companies are doing better than counterparts elsewhere.

About 75 per cent of BWD's business is from private clients, but in stockbroking terms, Yorkshire's is mainly a private, cash market. Against this background, corporate stockbroking comes second. It remains to be seen how much the growth of the financial services sector will change the balance.

Ian Hamilton Fazey

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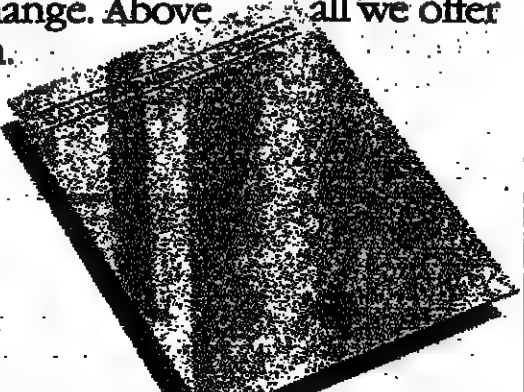
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YORKSHIRE AND HUMBERSIDE 6

Yorkshire Coal

The pain and the prospects

WITH MORE than a third of Britain's collieries, Yorkshire plays a predominant role in the affairs of this vital national industry. It produces nearly 30m tonnes of coal a year, a third of the country's deep-mined output, and employs a third of the miners.

With its close links to the steel industry and other manufacturing sectors, Yorkshire's coal is integrally linked with the economy of the region. Much of it is also "exported" through the National Grid after being converted to electricity at the large Yorkshire power stations, such as Drax, Ferrybridge and Thorpe Marsh.

Because of its size, the Yorkshire coalfield encompasses, in full measure, the strengths and the problems of British Coal as a whole. Productivity in the North and South Yorkshire administrative areas was surpassed last year only by that in Nottinghamshire. North Yorkshire enjoys the highest single investment in new capacity at the spectacular Selby project, a constellation of six collieries, designed to produce more than 10m tonnes a year. This will further increase Yorkshire's proportion of national coal production, and enhance the industrial muscle of its workforce.

The coalfield has also suffered acutely in recent years from painful restructuring. It has suffered the highest number of colliery closures in the country—with 23 pits shut in the past five years. In the same period, it

has lost 36,000 mining jobs, compared with 19,000 in the East Midlands, 14,000 in the North-east coalfield, while Wales and Scotland have each lost 13,000.

Village communities which have grown up and prospered on coal regard the closure of their pits as a lethal blow to present and future generations. When the closure is ordered on economic grounds rather than geological exhaustion it engenders the kind of resentments which boiled over in the 1984-85 strike in which the Yorkshire National Union of Mineworkers led the way.

Even without the prospect of widespread closures, Yorkshire collieries are traditionally the most difficult to manage, as reflected in the higher than average level of "rag outs"—or wild-cat strikes—of which Sir Robert Halam, the British Coal chairman, frequently complains.

The potential for flareups was demonstrated this month with widespread stoppages in protest at British Coal's new disciplinary procedures. Yorkshire, the biggest constituent in the NUM, also remains the power base of Mr Arthur Scargill, the union's fiery president, whose first action on assuming office five years ago was to transfer his headquarters from London to Sheffield.

The turbulent politics of the coalfield tend to give it a bad press, and distract from its less newsworthy aspects. On industrial relations, for example, British Coal officials candidly admit

that what is needed is a "change in attitudes." But they do not despair of progress, citing the "excellent" industrial relations at Rotherham, a South Yorkshire colliery with a previous history of strife.

The last time the Selby project attracted national attention was when unexpected water problems hit the first production face at Wistow, the first colliery due to come on stream in the two years since these problems were first encountered. Wistow has repeatedly smashed UK overall productivity record.

For the time being its output has to fund all the capital charges in the Selby project. But the coal and cash flow is set to increase dramatically in the next few months when three more of the satellite pits come on stream—at Rincall, Stillingfleet and Whitmoor.

The central feature of the Selby project are the twin 12.25 kilometre long spiral tunnels through which the coal is conveyed on belts to the big Gascoigne Wood disposal site. There it will pour on to 1,000-tonne merry-go-round trains leaving at the rate of one an hour for the power stations.

One of these tunnels is complete and the second has only another 3 km to go. In order to cut down the amount of tunnelling which will be required, the last pit in the complex—North Selby—will be hooked into the system via the nearby Stillingfleet mine.

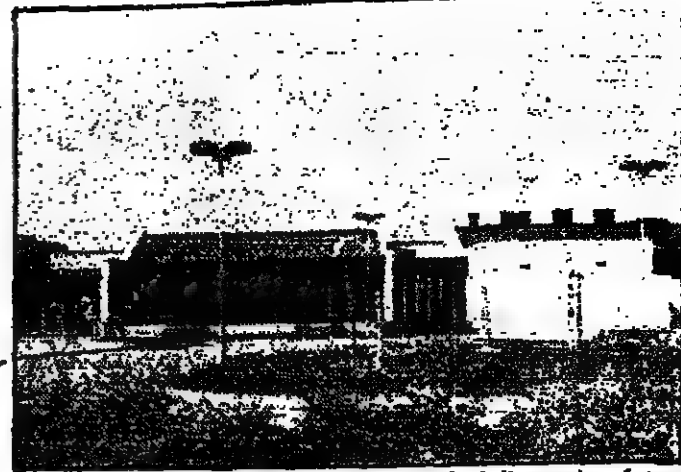
Selby was conceived in the expansionist days of the Plan for Coal when forecasts of market growth were much higher than they are now. It is far from certain that such a grandiose scheme would be conceived today. Even so, with reserves continually being extracted, the Yorkshire coal industry is continually moving eastward, away from the older seams in the West.

In South Yorkshire, there has long been talk of reopening Thorne colliery, North East of Doncaster. The project has been plagued by geological and economic problems. It was originally closed in the mid 1950s because of water entering the shaft. The shaft was relined in the late 1960s but the colliery was then mothballed because of the collapse of energy prices.

With the recovery of energy prices in the mid 1970s, plans were announced to reopen it by completing the pit bottom facilities and possibly sinking a third shaft to double output to 2m tonnes a year.

This autumn, South Yorkshire director Ted Horton is expected to table various options for developing Thorne in a way which could create up to 1,000 new mining jobs. He may, however, make the investment conditional upon the colliery producing coal for six days a week, as in the controversial proposals for manning the planned Marmad drift mine in South Wales.

With the Yorkshire NUM at present flatly opposed to six-



Main entrance to Wistow colliery, Selby project: the modern face of Yorkshire coalmining

day production, its reaction to Mr Horton's proposals will severely test the union's capacity for compromise and flexibility and the standing of Mr Scargill who has led the campaign against six-day production.

One reason for the caution about six-day coaling is that the new jobs at Thorne and other new pits will hasten rather than reverse the downward trend in the coal industry's manning levels, as it strives for ever higher productivity rates.

British Coal itself is trying to mitigate the job losses through its job creation arm, British Coal Enterprise, which tops up funding for new job opportunities created mainly by local authorities. However, redundant miners are said to form a disproportionately low proportion of the people who take advantage of these enterprise schemes.

It has been left to another Yorkshire-based organisation to monitor some of the deeper social and economic implications of the industry's

restructuring throughout the country. The Coalfield Communities Campaign, set up at Barnsley two years ago, represents 75 local authorities in coalfield areas, representing more than 14m people. Its purpose is to direct the attention of the Government and the European Community to the problems of the coalfield areas.

One of its main arguments is that the impact of colliery closures on localities cannot be measured only in numbers of job losses. In Yorkshire and Humberside, for example, it says no fewer than 23 per cent of the population is indirectly or directly dependent on coal.

In the immediate coal localities, the impact of colliery closure and the ensuing redundancies is disproportionate because many settlements were only built to accommodate miners, lack infrastructure for other industries and are not particularly attractive to investors.

Maurice Samuelson

Higher education institutions

Five universities in education network

University of Bradford
Bradford BD7 1DP
0274 733466

Founded 1966 (formerly a college of advanced technology). About 4,000 undergraduates, many on sandwich courses. Faculties of Engineering, Life Sciences, Physical Sciences, Social Sciences. The university's Management Centre (0274 42295) offers a full or part-time MBA. Bradford came poorly out of the 1986 UGC assessment of research strengths and weaknesses. No departments merited star rating, while 11 were deemed below average. However, the UGC noted new halls in engineering and science. Proximity to English Estates Science Park nearby.

University of Hull
Hull HU6 7RX
0482 46311

Founded as a university college in 1927, chartered in 1954. About 4,000

undergraduates. Faculties of Science, Social Sciences, Arts, Law. Suffered 17 per cent UGC cut in 1981; the 1986 assessment gave star rating to Italian, but found 11 departments below average and advised the university to concentrate on strengths. Successful science park on campus, built by English Estates.

University of Leeds
Leeds LS2 9JT
0532 431751

Founded 1874 as Yorkshire College of Science, incorporated 1904. About 9,000 undergraduates. Faculties of Science, Engineering, Medicine.

Arts, Education, Economic and Social Studies, Law. Leeds is Yorkshire's biggest university, successfully straddling the disciplines. The UGC awarded nine star ratings to departments of Earth Sciences, Applied Mathematics, Geography, Drama, French, Italian, Spanish, History and Education. It advised the university to preserve its colour chemistry and dyeing course, and found six departments were below average.

University of Sheffield
Sheffield S10 2TN
0742 75555

About 6,500 undergraduates. Faculties of Pure Science, Medicine (Medical and Dental School), Law, Engineering, Materials, Social Sciences, Architectural Studies, Educational Studies. Sheffield emerged well from the 1981 UGC cuts and was called "part of the backbone of the university system" after UGC's visit in 1985. This led to star-rating of four departments—Botany, Electronic and Electrical Engineering, Architecture, Psychology. Just two departments were thought below average. Korean should be protected.

University of York
Heslington, York YO1 5DD
0904 29881

Founded 1963. About 2,800 undergraduates. Faculties of Natural and Applied Sciences and Engineering, Social Sciences. York achieved five star-ratings in the UGC review—Economic and Social History, Social Policy, Electrical and Mechanical Engineering, English, Psychology—and just one below average grade. A science park is planned on site.

Bradford and Ilkley Community College
Great Horton Road, Bradford BD7 1AY
0274 753026
West Road, Ilkley LS29 8RD
0843 609010

3,250 full-time students. Dip HE/B Ed (Hons) courses, with specialisms in community studies.

Doncaster Metropolitan Institute of Higher Education
Waterdale, Doncaster DN1 3EX
0302 22122

3,200 full-time, 9,800 part-time students on several sites. HND sandwich courses for mining, quarrying, road surfacing etc. Full-time courses in computing technology and electronic engineering.

Huddersfield Polytechnic
Queensgate, Huddersfield HD1 3DH
0484 22288

4,400 students. Degree (full-time and sandwich) courses include Business Law, Business Studies and Computing in Business, as well as Textile Design, Textile Marketing and Hotel and Catering Administration.

Humberside College of Higher Education
Cottingham Road, Hull HU6 7RT
0482 41481

3,000 full-time and sandwich students; 4,000 part-time. Degree subjects include a four-year sandwich course in Business Information Systems, a four-year course with two spent abroad in European Business Studies, and a B.Sc in Fishery Studies.

Leeds Polytechnic
Caterley Street, Leeds LS6 3QS
0532 759061

5,500 full-time students. Degree

courses in, among many others, European Accounting and Finance, Food and Accommodation Management, Recreation and Environment. Celebrated Faculty of Art and Design.

Leeds Trinity and All Saints' College
Brownberry Lane
Horsforth, Leeds LS18 5HD
0532 584341

1,000 students, half of them in teacher education. Roman Catholic foundation. Degrees awarded in Planning and Administration and Public Media.

Sheffield City Polytechnic
Pond Street, Sheffield S1 1WB
0742 720911

7,700 full-time or sandwich students.

As one of the biggest polytechnics, Sheffield was awarded delegated powers by the CNA in 1985 to develop and regulate its own courses, which are across the board. Sheffield Business School, at Toney (0742 265941), runs post-graduate and post-experience programmes.

Bretton Hall College of Higher Education, Wakefield
West Bretton, Wakefield WF4 4LG
0192 453211

900 students, 400 in teacher training. Degree courses on the humanities including theatre arts and music. Bretton Hall is the home of the Yorkshire Sculpture Park.

The College of Ripon and York St John
Lord Mayor's Walk, York YO3 7EX
0904 56771

Ripon, North Yorkshire HG4 2GX
0765 2391

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YORKSHIRE AND HUMBERSIDE 7

Textiles

Ready to recoup losses

THE many mill towns in the towns of Northern England are monuments to the fate suffered by the country's textile industry over the past decade in the face of foreign competition.

An industry which in 1979 employed nearly 500,000, now employs little more than half that number and output is down by a fifth. One company alone, Courtauld, has shed almost 60,000 jobs. The textile and clothing industries have a combined trade gap of £2.2bn a year.

Among the surviving companies, however, there is a strong feeling that the worst has passed and that, from now on, the UK textile industry can hold its ground and perhaps even recoup some of its losses. That appears to be the mood in Yorkshire, the centre of Britain's woollen industry, and responsible for about 60 per cent of the country's production.

Despite the trade gap in textiles, the UK woollen industry is the country's sixth largest export earner, with sales worth about £200m a year, reflecting worldwide reputation for fine textiles. It is moreover the only sector of the textile industry enjoying a positive trade balance.

Despite the general decline of manufacturing in favour of service industries, woollen textiles and clothing remains an important part of the Yorkshire economy. In Bradford, Caldwade and Kirkstall, the emphasis is on all-wool textile making, while clothing manufacturing is still centred at Leeds, the second most important clothing centre after London.

Major textile groups operating in Yorkshire include Parkland Textiles, Courtauld,

Hillingworth-Morris, Costa-Vivella, Stroud Riley Drummond. One leading group, John Foster, has concentrated nearly all its production activities in Bradford.

In order to survive in the face of cheap foreign competition, these craft-based and labour-intensive sectors have had to specialise not only in high quality goods but in rapid response to a fashion-conscious market dominated by the High Street outlets.

This has meant investment in new technology, greater efficiency, diversification and better design and marketing.

The cutbacks mean that only about a tenth of the workforce in West Yorkshire is still employed in textiles and clothing. But this still leaves a workforce of 66,000 employed in a wide variety of companies.

There are also some new investments, such as the £5m factory in Bradford for the manufacture of coloured wooltops for the European textile industry. It is the result of a joint venture between Hillingworth-Morris (HM) and Asahi Chemical Industries, the largest producer of synthetic fibres in Japan.

Reputed for high quality and high technology products, HM has turned to high fashion in this new venture which involves processing the synthetic fibre raw material "tow", using Asahi's raw material and marketing expertise and HM's know-how.

Crowthers Carpets, which has become the leading UK carpet manufacturer with the acquisition of Carpets International, Weavercraft and well-known names like Kossel and Crossley, has invested £26m on internal

restructuring, product development and marketing.

This includes the creation of what is claimed to be the world's most comprehensive carpet-making facility at Crowther's redeveloped Bradford factory. It will contain a new printing and dyeing plant, an electricity substation, and a unit capable of producing 70 metres of broadloom carpet per minute.

Benson Turner, a leading spinner and dyer of worsteds, attributes its position to its investment in new technology enabling it to respond rapidly to demands from retail outlets.

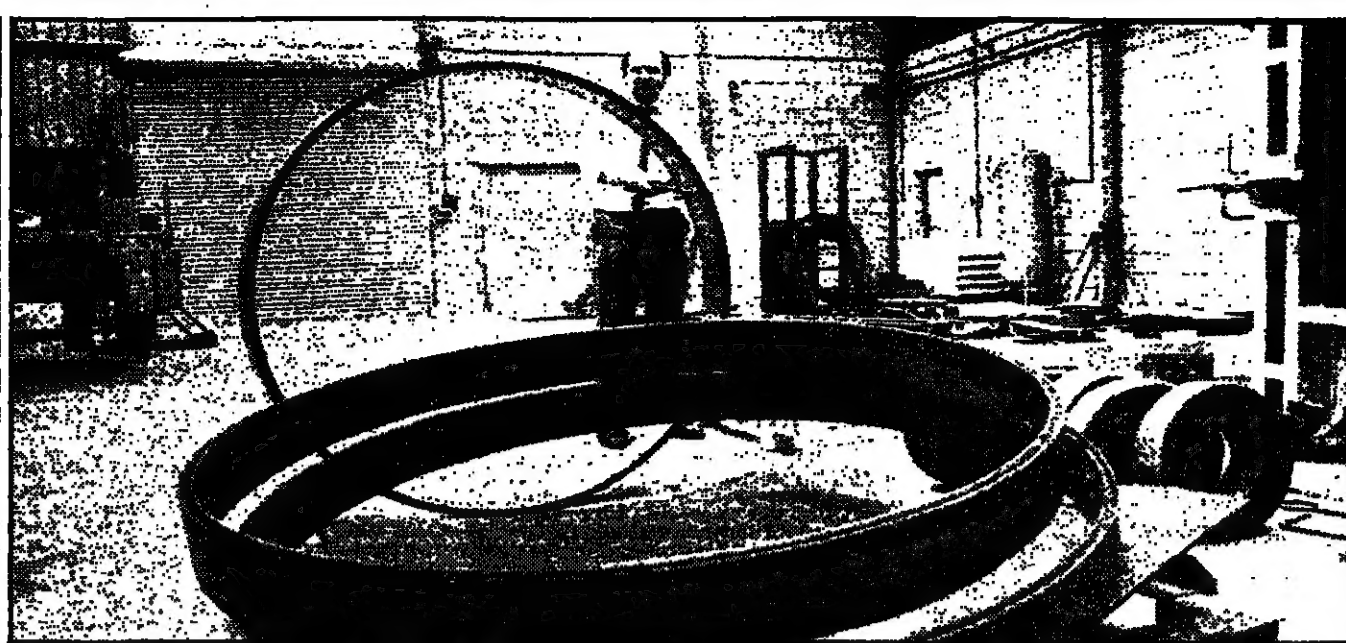
Fast response has also been the reason for two successful years at Leonard Inghams, specialists in piece dyeing of wool.

Bradford's pre-eminent place in the industry is also reflected by the lengthy list of trade associations and other bodies which are still based there, including the Confederation of British Wool Textiles, the British Wool Marketing Board, the National Wool Textile Export Corporation and the textile group of the Transport and General Workers Union.

Leeds houses the Clothing and Allied Products Industry Training Board and the Wool Industry Research Association, while at Hkley there is the International Wool Secretariat.

The importance of textiles in the local economy is also reflected in the syllabuses and research programmes of eight local universities and colleges of higher education.

Maurice Samuelson



Heavy engineering is still alive in Sheffield, as the output of the 160 ton cap rolling mill at William Odey & Co testifies.

Steel

A change to special products

IRON and steel making in Britain has felt the full brunt of the recession which swept through the industrialised world in the past decade. It is painfully weathering the storm, emerging leaner, fitter and more specialised than before.

Nowhere is the transformation more striking than in Sheffield, the main steelmaking centres of Yorkshire and Humberside. The changes have occurred in the big bulk steel-making units of British Steel, in the private, more specialised companies, and in the mixed State-private enterprises which have helped to lay the groundwork for the privatisation of BSC now that the corporation has re-emerged as a profitable, commercial concern.

At Sheffield, still a universal by-word for all that is best in steel-making, the havoc wrought by the restructuring is perhaps more visible than its benefits. About 40 per cent of the land in the lower valley of the River Don, the cradle of the city's steel and ancillary industries, lies derelict.

British Steel, which a decade ago had a Sheffield workforce of 15,000, now employs little more than 3,000. Its largest remaining plant is its stainless steel manufacturer, employing 1,900. Another 1,100 work at its Besishaw Foundry, making castings and ingot moulds, and the balance are employed at smaller plants making alloy steel rods, carbon and alloy wire, razorblade steel and vehicle springs.

The contraction has gone hand in hand with the Corporation's divestment of such plants as the River Don works and a plant at Stockbridge. Five years ago, the River Don forging and engineering works were amalgamated with major competitor, Johnson Firth Brown, under the government-funded Phoenix programme, designed to remove the duplication of State and private capacity.

Before the merger, they had had a combined workforce of more than 6,000. The result of this marriage—Sheffield Forgemasters—now employs well under half that figure, but still remains Sheffield's second biggest employer.

As the only major forgemaster in the UK and one of only six worldwide, the group is made up of ten subsidiary companies which produce specialised steels and alloys, both as materials for other steel companies

and as forged, cast, rolled and engineered components for industries ranging from aerospace and defence to process plant, power generation, oil and energy.

BSC's former Stockbridge plant is now under the banner of United Engineering Steels, by far the biggest joint venture company formed under the Phoenix programme. It was created from the special steels and forging interests of BSC and Guest Keen and Nettlefolds (GKN).

UES's other two divisions, which are virtually competing companies with Stockbridge Engineering Steels, are Rotherham Engineering Steels and the Brymbo works in north Wales. Europe's biggest producer of engineering steels, it employs more than 10,000 with a £250m a year turnover.

Over the past six years, BSC invested £25m at Stockbridge mostly on a four strand billet caster for continuous casting. It plans to spend a further £20m in the next three years, some £7m on improving billet finishing facilities.

Side by side with its ambitious investment, UES still has to make painful cuts in its workforce. At the start of the year, a quarter of the 2,400 employees at Stockbridge were made redundant because of severe competition in the export market. The management told the unions the cuts were vital if the investment in high efficiency plant was to continue as planned.

Costed Electrodes International (CEI) is another of British Steel's former Sheffield activities which is now firmly in the private sector. Instead of being merged with a private competitor under the Phoenix scheme, it was the subject of a management buyout and a year ago was floated on the Unlisted Securities Market. Employing 50 in Sheffield, it has recently acquired a Chemtronic-based company, has established a factory in Calais and plans another one in the US.

The company makes graphite electrodes used in electric arc furnaces, which now account for 30 per cent of the Western world's steel making. To give the electrodes a longer life, the company coats them by a method developed by the Bulgarian steel industry.

Still firmly under exclusive BSC management is BSC Stainless. It employs 2,200 in Sheffield and 300 in South Wales and

claims to be one of the Corporation's biggest single success stories.

In the mid 1970s, with world demand for stainless steel on the increase, BSC decided on a major effort to become a world class producer, even though the UK domestic market was slack. It invested the equivalent of £280m to turn BSC stainless into one of the world's biggest stainless steel making complexes, and achieve production costs which are 53 per cent lower in real terms than they were 30 years ago.

Another significant local steel maker is the Aurora group of some 30 companies in the UK and overseas, 10 of them in Sheffield. It employs 1,500 in Sheffield where it is spending £3m on new technology. Squeezing markets have also hit the Davy McKee's Sheffield steel subsidiary, whose workforce of 2,000 has been nearly halved.

At neighbouring Rotherham, which used to make the bulk of the area's steel, the same forces of contraction and restructuring have been at work, with the industry now employing fewer than 5,000, compared with 20,000 only 20 years ago.

British steel has ceased to be the main employer, its principal works employing more than 3,000, now being part of the joint venture UES "Phoenix," whose head office is also in Rotherham. The town still remains the centre of electric arc steel making, but the significant current development is 250m being invested by UES.

Centre piece of the investment is a bloom caster in which steel is cast continuously, passing from molten stream into semi-finished bars without having first being cast into ingots and rolled into successively smaller bars.

Another world-class Rotherham company is LSM, the London and Scandinavian Metallurgical Company, which concentrates on supplying the chemical and metallurgical additives used in alloy making. Part of the US owned Metallurgy Group, LSM has been at Rotherham for 40 years. It has a local turnover of £50m a year, and exports 70 per cent of its output.

LSM makes welding electrodes, pure chromium metal for turbine blades, and refractory tiles. It also supplies a rare earth-cerium-oxide widely used in the steel industry—as a material for glass polishing. All the windows of Luton's aircraft are polished with a LSM

three main Scunthorpe steel works were amalgamated. Two were subsequently closed and the workforce fell from 20,500 to 7,400 but the remaining plant produces as much steel as the original three. For the past three or four years, the manning level has remained stable and, officials say, there has been no industrial relations troubles since the 1980 national steel strike.

The present works has four iron making units, but normally only three are working at any one time, producing 2,500 tonnes a day. The steel making and rolling facilities are the newest in the UK, having been completed in 1972.

They were installed as part of the "Anchor" development which equipped Scunthorpe with three Basic Oxygen units producing 300 tonnes of steel every 40 minutes. They replaced the open-hearth method, which took eight hours to make only 100 tonnes.

BSC at Scunthorpe still makes some steel through the ingot method, but most production is from continuous cast material, which feeds directly into the mills making plates, heavy and medium sections, blooms and billets. In the past five years, its productivity has shot up from 10.14 to 4.25 man/hours per tonne, which BSC says is "as good as anywhere in the EEC".

The constraint on output is the EEC quotas. Otherwise, BSC says, "there is a general feeling we could sell all we can make". The main investment at present is the £50m being spent on rebuilding the sinter plant. Due to come on stream at the end of this year, it stabilises the powdered iron ore prior to its being smelted.

Maurice Samuelson

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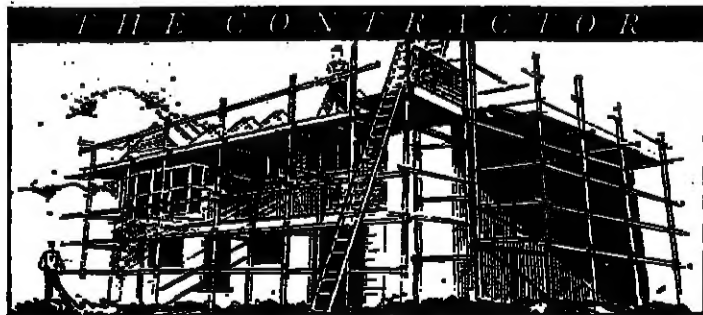


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YORKSHIRE & HUMBERSIDE 9

"We were plugging weaknesses, now we're promoting strengths"

Humberside's industrial mix grows healthier

AS A COMPONENT OF UK plc, Humberside makes a net contribution to the national economy. Its 550,000 inhabitants support a GDP conservatively estimated at £2.5bn. Government assistance of £20m, together with local authority initiatives of £20m, are helping draw private sector investment of £200m annually.

The county is a strategic provider of energy and petrochemicals to the nation. It has Britain's fifth busiest port, significant food marketing and processing activities, and highly productive farmland. But unemployment is stuck obstinately around 16 per cent, with worrying levels of youth and male long-term joblessness. Those in work earn less than the national wage.

Such is the present level of investment in energy-related industries that a film contract draws barely more than a paragraph in the local newspapers. Nobody seems wildly excited, for example, that BP have put a similar investment into four gas fields, two of which are due to come on stream late in 1988. There aren't many jobs attached, that's why.

In the Humberside projects like an £80m Norsk Hydro investment, Fluide UK's £25m modernisation of its Fawcett plant, and SCM Chemicals' £25m development mean, principally, that these important companies are reinforcing their interest in the area. Given the savings of modern technology they will not produce a cornucopia of jobs once the construction phase is over.

At the same time, the area still has great unexploited potential. Nirex's decision to abandon shallow-grave sites for nuclear waste has freed Killingholme near Immingham for a potential coal-fired power

station, one of five selected by the CEGB for detailed investigation. Humberside's economic development unit are confident that Killingholme's natural advantages will award it high priority when CEGB make final announcements this autumn.

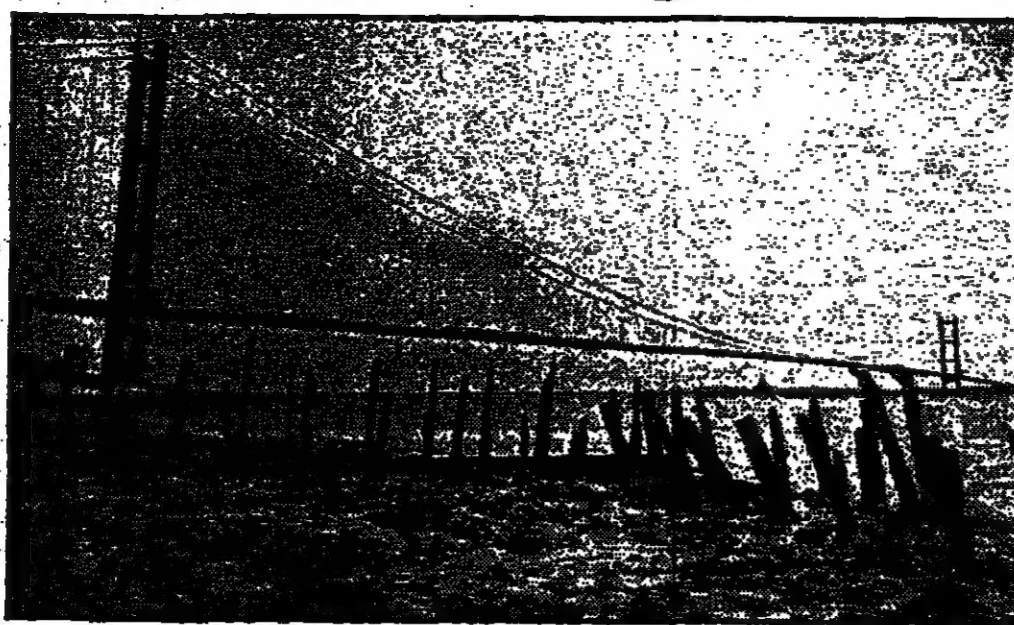
Whatever transpires at Killingholme, Humberside is not going to be another Teesside. The indicators are all beginning to move in the right direction, and the spread of industry is much more healthy.

In the old days we were plugging weaknesses. Now we're promoting strengths," says Mr John Siddall, the county's Economic Development Officer.

The strengths are evident enough. Humberside is ideally placed to trade with Northern Europe; it has three all-purpose Humber ports and deep-water access to Immingham estuary for 200,000 tonnes tankers backed by acres of serviced land. Its pre-eminence in fish and frozen market garden foods has been reinforced by the new motorway connections; and in Scunthorpe, it has a resurgent industrial force which is making such good use of incentives that its risks losing development area status, and suffering a serious skills shortage.

Scunthorpe's take-off rate, spurred by two enterprise zones, is the more impressive for its mix of manufacturing and service industries. In job creation terms the biggest development is by Unigate, which plans a 207m chicken farm and processing plant, split between the two zones and the surrounding countryside. This could mean 1,200 jobs, with further spin-off for local suppliers.

The Unigate deal was announced in April this year. A month later British Oxygen announced construction of a £25m air separation plant at Scunthorpe to service a BSC contract worth £200m over five years. Then Crosbie Euro Laminations began a new factory promising 100 jobs, and



Humber bridge: "The Humber is Britain's best underdeveloped estuary"

Greenpark Engineering a further 25.

Another positive sign is that 85 per cent of Scunthorpe's new jobs come from business initiatives by local companies. Yet Continental companies, particularly Scandinavians, are also contributing. Mogens Engstrand (UK) - agricultural equipment - E. Module (UK) - bathroom equipment - and the Swedish-owned Skippings Paper Products all arrived in Scunthorpe last year.

Hull is the premier roll-on roll-off freight and passenger gateway for northern Europe. Associated British Ports have responded by opening a new terminal to complement the latest-generation for Line and North Sea Ferries 31,000 tonnes vessels. BP Chemicals' £20m investment in an acetic acid plant at Salt End means a 50 per cent increase of materials pass-

ing through the port. Hull's traditional trade in molasses and edible oil continues, while grain exports - mostly from intervention - amounted to 1m tonnes last year.

Even after the M62 opened, getting between the motorway and Hull remained a tortuous business. The arrival of dual-carriageway links along the Humber has cut journey times, removed a psychological barrier as well as heavy traffic from city streets, and opened up acres of disused port property for potential development.

Mr Ray Kilack, ABP's deputy manager at Hull, says that since privatisation three years ago, the company has been investigating the prospects for developing a retail park and light industrial activities on the Hull ABP estate, along with some housing and leisure use.

"The Humber is Britain's last underdeveloped estuary" says Mr Kilack. He welcomes the new era of competition, even though the private wharves up river are handling 11m tonnes of cargo annually, more than twice the throughput at Hull.

His counterpart at Grimsby and Immingham, Mr Stephen Pearce, is less sanguine about the unregistered wharves which are not compelled to maintain dockers on a guaranteed wage. His belief is that reformed legislation would make Grimsby and Immingham more competitive, and therefore busier for all.

Immingham recently announced proposals for 30 per cent more all-purpose cargo berthing.

Grimsby's role as home of the deep-sea trawling fleet has been with the fleet itself, but its role as a national place has thrived. Bulk supplies

come overland in refrigerated trucks and from large foreign trawlers. Historically, fishing accounted for 15 per cent of Grimsby's trade and just 5 per cent of Hull's livelihood - far less than one might have thought. But the nostalgia ties are strong, and a consultant's suggestion that Hull's fishing activities should be amalgamated with Grimsby's was shelved by the city fathers.

In May Rose Foods shed 123 workers at Grimsby and a further 54 at Hull as part of further efficiency measures. That is still the way of things, although gains in other areas are beginning to show through. Also in May the county's unemployment rate fell below 15 per cent (to 14.7) for the first time for three years.

The trend continued in June, with unemployment down to 14.3 per cent. Job vacancies showed a slight increase to 2,807, giving a vacancy ratio of 1:18.7 unemployed. Male unemployment still stands at 17.5 per cent.

Almost half have been out of work for a year more. Over 30 per cent of all male unemployed are under 25. The authorities reckon it will take until the mid-1990s for jobs created by present investment surge to make their mark. Meanwhile, YTS schemes record an encouraging success rate of 70 per cent placing in permanent employment.

Humberside has no problem attracting the sort of person who can afford to live in the Wolds and buzz across the Humber bridge to shop in Hull. Wide open spaces, good-value housing in pretty villages, accessibility to Humberside Airport with scheduled flights to British and European destinations are all plus points. The worry remains whether the ordinary, born-and-bred resident will be invited to share in the county's exciting future.

Robert Waterhouse

North Yorkshire

The need to nurture its own

A TADCASTER company called Merit Leeson & French has built up a nice line of business in non-destructive testing, with contracts from British Rail and the Ministry of Defence. Among its specialities is a big program - testing - non-destructive naturally. A Thirsk company calling itself, modestly, The Exhibitionists, design and organise exhibition stands around Britain. Beltrona Design, a quality fashion house based at Knaresborough, is poised to go national.

These three companies are examples of the "exporting" enterprises currently favoured by authorities in largely-rural North Yorkshire as the most effective way of furthering employment prospects in the county. North Yorkshire, England's largest geographical entity recently switched from a conventional policy of courting in-

dustry to nurturing its own. The reasoning was as follows. With unemployment around 10 per cent North Yorkshire will never achieve assisted area status, except in isolated pockets (Whitby and part of Richmondshire near Teesside are indeed assisted). Moreover, North Yorkshire doesn't have the sites, the facilities, or the specialist workforce to attract a Nissan. Charming and affluent place that it is, it has all the same to face serious rural problems, the worst being constant loss of its young people to the cities.

North Yorkshire County Council argued that by encouraging job opportunities in the towns and villages, the young wouldn't be forced away; their presence could reinforce community life, help prevent village schools from closing, and counter the drift of proper-

ty into holiday or retirement homes.

So-called exporting companies are those local companies most likely to grow into regional, national, even international businesses. New technology, and excellent North-South communications, have combined with the pleasures of life in the Vale of York to make the area an attractive place to start up. Assisted area or not, there are plenty of inducements available, too.

The sheer size of the county, which reaches to within a dozen miles of Morecambe Bay in the west across to Fliley in the east and past Selby in the south, dictates unity of purpose between local authorities. Each year the county council debates strategy with the districts which is then agreed and carried out, no argument.

Most of North Yorkshire,

roughly the parts above York and Harrogate, is designated rural development area. This qualifies it for Development Commission activity, and allows English Estates as the commission's agents to build advance factory units. Both CoSIRA - locally based at Skelton, near York - and the Yorkshire and Humberside Tourist Board offer grants or loans for approved capital schemes. The county council itself operates a small business grant scheme, which provided grants totalling £440,000 between 1982-86, plus a development loan scheme for regional mortgages which has lent well over £2m.

Now that the private sector is increasingly competitive in industrial mortgages the county and district councils, advised by Coopers & Lybrand, are in the final stages of plans to set up a

Continued on Page 10

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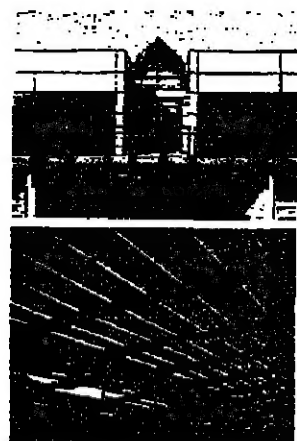
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North Yorkshire

Continued from Page 9

development company aimed at bridging the funding gap for equity and loans between £25,000-£50,000. The company, which will be looking also to institutions and the West Yorkshire Enterprise Board for its initial £2.7m funding, is likely to have a subsidiary business development loan fund set aside for the ultra high risk area of small firms seeking capital injections of £5,000-£25,000.

The enterprise culture is already thriving throughout North Yorkshire. Two emerging agencies in Craven and Richmondshire add to the already established, of which the Vale of York Small Business Association is the biggest and most influential. Mr Gil Elliott, VYSEA's director, provides counselling services for between 40-50 new business clients each month. His business-to-business exhibitions, set up around the region, invite 50 members at a time to take a 6 ft x 4 ft stand at just £10 + VAT. Some 3,000 invitations, printed by VYSEA, are sent out by participants. Even if nobody else comes, which of course they do, stand holders have 49 potential clients.

VYSEA's offices in the York Enterprise Centre, directly above York city agencies, express a co-operation which is brought about by a challenging cocktail of opportunities and problems. York itself, for instance, has the fifth highest youth unemployment rate in the country. Its economy is heavily dependent on confectionery, where modern processes inevitably lead to redundancies, light engineering, British Rail and tourism. Equally, York has hotel rooms at £150 per night, dinner for two at £80, and new Northern bypass costing £17m which the county council views as the Route to Prosperity.

Green Belt restrictions encircling York, and protecting the county from encroachment by Leeds, were maintained when the European Development Agency approved alterations to the North Yorkshire County Structure plan in January this year. It included, however, an allocation of 28 hectares for industrial development within York, and 410 hectares in the whole county.

The competition between jobs and environmental protection is most acute in the national parks. It was given an additional twist only last month when the disused Ribblesdale Quarry in

the Yorkshire Dales National Park was named as a likely source for limestone to carry acid emissions from Drax B power station near Selby. Some 300,000 tonnes a year of limestone may be moved from Ribblesdale via the Settle-Carlisle railway line, whose retention North Yorkshire has been supporting alongside Cumbria County Council.

Numbers employed in agriculture throughout North Yorkshire are still dwindling. Since much of the rural development area is upland, the consolidation process continues. There are, again, controversial proposals for afforestation of remote parts which bring the promise of some jobs but have serious consequences for much-loved landscapes.

Mr John Inglis, North Yorkshire's industrial development officer, who attended a total of 276 meetings including 49 at weekends or evenings during 1986, points to the Development Commission as North Yorkshire's biggest friend. It really is a question of all pulling together, he says. Government agencies work through county and district councils down to parish and rural community councils. The impetus for change, as well as the cash, comes from the person each village produces as a driving force. Whatever way it happens—and Mr Inglis stresses that the county council must be seen as a partner—results have been impressive. During 1986, 28,288 acres of industrial land were serviced, with about half still available. Private sector investment in advance units totalled 387,292 sq ft; the public sector added 208,708 sq ft. However, private sector involvement is currently less vigorous because of the withdrawal of 100 per cent first year capital allowances and because construction costs have risen while rental levels have stagnated.

North Yorkshire has set itself the ambitious target of creating 9,000 new jobs each year. The performance in 1986 was just less than half that, at 4,340. There were, however, an estimated 3,000 redundancies in the county, leaving a net growth of 1,340. During the year some 1,900 working people moved into the area, another measure of its attractiveness.

Yet there remains the spectre of a Northern Development Agency on Teesside, tempting all the growth businesses away by massive capital grants. That is one reason why Mr Inglis and his colleagues are party to the campaign for rural development areas to be awarded EC recognition. Access to the ERDF and such-like in Brussels might make all the difference.

Robert Waterhouse

YORKSHIRE & HUMBERSIDE 10



Jorvik was the Viking name for York. When the Coppergate shopping centre was being built excavations revealed the remains of the 10th Century settlement. An underground museum beneath the shopping mall now attracts 900,000 visitors a year, carried around it in electric "time cars."

Tourism

New venues pull the crowds

YORKSHIRE and Humberside offers attractions of all kinds to the tourist. Its centrepiece is York, where some 3m visitors a year walk through, most of them via the Minster. Traditional resorts like Scarborough do traditional trade along a welcoming coastline. The region encompasses two national parks, and pushes into a third. It has historic houses, ruined abbeys and museums galore. Its industrial archaeology is unique, its business centres include three of the country's largest cities. Yet in terms of tourist nights recorded annually, Yorkshire and Humberside is very much second league.

The league—well below London and the West Country, comfortably above Cumbria and Northumbria—includes other regions like Heart of England and the North West which also contain major contributions. Big cities make a considerable contribution to statistics since business visitors spend much more per head than holidaymakers. Business-oriented Leeds hotels become profitable at around 50 per cent room occupancy while York needs an occupancy rate of 85-70 per cent. Leeds hoteliers can expect worthwhile trade 11 months in the year; York has three giddy months (August-October), four shoulder months (April-July) and five poor ones. Harrogate, dominated by the conference trade, can count on only five months when its hotels do better than 60 per cent room occupancy, but delegates are around all day and spend energetically.

At peak times York has to handle, or herd, tourists by the tens of thousands. The National Railway Museum, with well over a million visitors annually (before admission charges were introduced this year) and the Jorvik Viking Centre, with about 800,000, take the pressure off the Minster (2.3m visits) while adding to the overall lure. York has been the fastest-growing tourist centre outside London, with plenty of activity in the hotel sector, but it may almost have reached saturation

unless seasonal habits are changed.

Out in the big beyond, Scarborough, a traditional bucket-and-spade resort whose appeal lies mainly to Northern families, still turns over significantly more than any other single centre in the region. Scarborough nets about £75m a year from tourism; York around £50m; Harrogate, Bradford and Leeds all about £40m with Sheffield not far behind. The total spent throughout Yorkshire and Humberside is estimated at £500m. Just as important, tourism in all its facets provides between 70-80,000 jobs, which makes it a major employer.

It is a sector, for all its size and diversity heavily dependant on non-statutory cooperation between people of goodwill. Half of the Yorkshire and Humberside tourist Board's £700,000 turnover comes from sales of literature and objects. All the 28 local authorities in the region are affiliated to the board, with North Yorkshire County Council the biggest contributor at £200,000. The YHTB channels English Tourist Board grants for approved infrastructure projects, and markets the region overseas via the British Tourist Authority. Next year, for instance, it will take part in eight European workshops for the travel trade, competing mainly with rival English regions.

John Chapman, YHTB's Development Manager, feels that Yorkshire and Humberside, as a product, has everything other regions bar London can offer: plus industrial architecture and archaeology. Bradford has been the success story of the past years; it's now being joined by Halifax (Calderdale) and Huddersfield (Kirklees), marketing themselves as Pennine Yorkshire. Weekend visitors stay in smart city centre hotels for very moderate prices, pushing up room occupancy rates which before were almost entirely based on the Monday-Thursday week.

Bradford's National Museum of Photography, with visitor figures jumping from 220,000 in 1983 to 677,000 in 1986, is a smash hit. The nearby Alham-

bra Theatre, revitalised with European, central and local government funds, is proving the focus for developing Bradford's West End as a leisure area in which the city's entrepreneurial Asian community are showing considerable interest. What with Tiller Moor, Bronte country, and the Worth Valley Railway, Bradford has put together a package widely envied by more obviously endowed places.

The author, James Herriot, has typed his nom de plume, unofficially but surely, to a great swathe of North Yorkshire embracing the Dales and the North York Moors, anywhere accessible from his Thirsk veterinary practice. Herriot can still be glimpsed each week autographing copies of his books in the surgery. The boost he has given to tourism is almost quantifiable, but national poet status had already recognised unique qualities.

From the point of view of tourism development the Dales and the North York Moors are not always sympathetic to tourist invasions. They cover a huge area, they offer few facilities (which get very crowded at peak times) and they are quite rightly protected. Their year-round residents are not always sympathetic to tourist invasions.

Rural North Yorkshire has a surprising number of excellent hotels and restaurants. The problem owners face is attracting staff of the right calibre and training. In a part of the world where the ambitious young are still drifting away to big cities, too few are being tempted into catering and allied trades. It is as if tourism was not seen to be a real job. The YHTB say there are plenty of unfilled courses at local colleges, and are organising a seminar to illustrate the opportunities.

Hoteliers on the East Yorkshire coast are themselves having to adapt to changing times. The Grand at Scarborough is now a Butlin's, while the Flax holiday camp has been abandoned. Holidaymakers increasingly demand bathrooms and colour TV of their own, plus

the freedom to move on in days rather than weeks without punitive fares. The successful small hotels are the ones which are comfortable, relaxed and fun.

Down at Doncaster one hotelier had the inspiration to lay on a second Christmas in January. Guests, who came for the weekend, were invited to sing carols, hand round presents, and eat the usual fare. Disastrous for some, maybe, but they apparently loved it and went at having to return to the real, uncaring New Year.

Humberside, carved out of the East Riding and North Lincolnshire at the 1974 reorganisation, is only now beginning to put its own tourism story together. The resorts of Bridlington and Cleethorpes have their adherents, but the coming place to stay is Beverley, with its famous Minster and lively Georgian square. Beverley's Museum of Army Transport, compiled by the formidable Col Teddy Penn, attracted 125,000 visitors in only its third year of operation. The nearby Horncastle Pottery is still a major magnet.

Seasonal fluctuations offer opportunities. Tourist Yorkshire is already a great success in the summer and early autumn. The challenge lies in extending the season at both ends, when hotels are much quieter but the weather isn't that bad and most other attractions remain. The YHTB, together with the district and county councils, is targeting the British second or third holiday market, typically ABC1 families from the Northern Home Counties, with some results.

When they operate abroad, the 28 subscribers to YHTB are willing to pool resources. But eventually they are each pushing their own patch. The YHTB tourist who stops over at York does nothing for Beverley—unless he can be tempted to extend his horizons. It is inventiveness allied to unmatched variety of destination which Yorkshire and Humberside will use to maintain and improve their standing in the league table of regional tourism. Robert Waterhouse

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Around the nation.



Yorkshire Television is one of the 'big five' companies which make most of the peak-time programmes on ITV.

Entertainment, drama, current affairs and documentaries, education, science and children's programmes are all areas in which Yorkshire Television has distinguished itself... with top rating comedies which have become classics, game shows of perennial appeal, major dramas filmed all over the world and a regular series of hard-hitting documentaries which consistently win high audiences and a succession of major awards.

Twice a week the famous Yorkshire Dales are seen by audiences of more than 10 million in the ever popular Emmerdale Farm.

The first programme to be seen on Channel 4, Countdown, came from Yorkshire Television. Five years on, it's still a firm favourite along with many other contributions ranging from comedies to current affairs.

Around the world.



Yorkshire Television last year sold 850 hours of its programmes to 75 countries. Romantic dramas are proving particularly popular with the international audience. There is also an expanding market for Yorkshire Television documentaries and situation comedy. Growth in satellite, cable and home video is providing new outlets. It isn't surprising that Yorkshire Television is attracting such a widespread following across the world—its programmes have won more than 100 national and international awards, including three International Emmies—television's equivalent to Hollywood's Oscar.

In the last month alone the Company has won a Best Comedy award in North America at the Banff International TV and Film Festival; won gold for its drama at Berlin's Prix Futura; and in a rare double honour, two Yorkshire Television programmes have been chosen to represent ITV this year in both the drama and documentary categories of the prestigious Prix Italia.

YORKSHIRE TELEVISION

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